



## HOUSE OF REPRESENTATIVES

H. No. 8083

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BY REPRESENTATIVES CUA, GONZALES (A.D.), ABU, SUANSING (H.), SUANSING (E.), YAP (A.), SINGSON, HERRERA-DY, ANGARA-CASTILLO, QUIMBO, GARIN (S.), ZUBIRI, VILLAFUERTE, BENITEZ, BATOCABE, SALCEDA, SAMBAR, FLOIRENDO, VIOLAGO, MENDING, ROMERO, ATIENZA, MONTORO, SALO, CANAMA, ALONTE, MARCOLETA, GONZAGA, LOBREGAT, SARMIENTO (C.), SY-ALVARADO, PANGANIBAN, ANTONIO, AGGABAO, NOEL, TY, BRAVO (A.), YU, NAVA, RELAMPAGOS, BERTIZ, SAVELLANO, CO, LOPEZ (M.L.), BATAOIL, MACAPAGAL-ARROYO, ANDAYA, LOPEZ (B.), BRAVO (M.V.), ROCAMORA, LIMKAICHONG, TAN (A.), BOLLIA, SACDALAN, AUMENTADO, ERIGUEL, CHIPECO, CATAMCO, LANETE, ABUEG, TING, DUAVIT, BAUTISTA-BANDIGAN, ACOP, NIETO, RAMOS, MATUGAS, MARQUEZ, JALOSJOS, MADRONA, PANCTES, JAVIER, ARBISON, NUÑEZ-MALANYAON, SAGARBARRIA, UY (J.), KHO, ZAMORA (M.C.), SANDOVAL, NOGRALES (J.J.), GARBIN, CALDERON, ROBES, ERMITA-BUHAIN, ADVINCULA, ROMUALDO, BARZAGA, TAMBUNTING, MANGUDADATU (S.), SALIMBANGON, DELOSO-MONTALLA, TEJADA, MANGUDADATU (Z.), HOFER, CAMINERO, ORTEGA (P.), ADIONG, FERRER (J.), SAHALI, LAZATIN, CORTES, UY (R.), ONG (H.), ABAYON AND TREÑAS, PER COMMITTEE REPORT NO. 818

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AN ACT AMENDING SECTIONS 4, 5, 20, 22, 27, 28, 34, 40, 50, 73, 112, 117, 204, 222, 237, 237-A, 255, 256, 257, 258, 260, 261, 262, 263, 264, 265, 266, 275, 288, 290 AND ADDING SECTIONS 6-A, 282-A, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 301-A, 301-B, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, AND 314 UNDER THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

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

1           SECTION 1. *Title.* – This Act shall be known as the “Tax  
2 Reform for Attracting Better and High-quality Opportunities,” or  
3 “TRABAHO.”

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

6                   “SEC. 4. *Power of the Commissioner to Interpret*  
7 *Tax Laws and to Decide Tax Cases.* – The power to  
8 interpret the provisions of the Code and other tax laws  
9 shall be under the exclusive and original jurisdiction of  
10 the Commissioner, subject to review by the Secretary of  
11 Finance: **PROVIDED, THAT THE POWER TO INTERPRET**  
12 **THE PROVISIONS OF TITLE XIII OF THIS CODE SHALL**  
13 **BE UNDER THE EXCLUSIVE AND ORIGINAL JURISDICTION**  
14 **OF THE SECRETARY OF FINANCE.**

15                   “The power to decide disputed assessments,  
16 refunds of internal revenue taxes, fees or other charges,  
17 penalties imposed in relation thereto, or other matters  
18 arising under this Code or other laws or portions thereof  
19 administered by the Bureau of Internal Revenue is  
20 vested in the Commissioner, subject to the exclusive  
21 appellate jurisdiction of the Court of Tax Appeals.”

22           SEC. 3. Section 5 of the National Internal Revenue Code of  
23 1997, as amended, is hereby further amended to read as follows:

24                   “SEC. 5. *Power of the Commissioner to Obtain*  
25 *Information and to Summon, Examine, and Take*  
26 *Testimony of Persons.* – In ascertaining the correctness

1 of any return, or in making a return when none has  
2 been made, or in determining the liability of any  
3 person for any internal revenue tax, or in collecting  
4 any such liability, or in evaluating tax compliance, the  
5 Commissioner is authorized:

6 "(A) x x x

7 "(B) x x x

8 "(C) x x x

9 "(D) x x x; [and]

10 "(E) x x x[.]; AND

11 "(F) IN CASE THE INFORMATION OR RECORDS  
12 REQUESTED ARE NOT FURNISHED WITHIN THE  
13 PERIOD PRESCRIBED IN THE WRITTEN NOTICE, OR  
14 WHEN THE INFORMATION OR RECORDS SUBMITTED  
15 ARE INCOMPLETE, THE COMMISSIONER OR HIS  
16 DULY AUTHORIZED REPRESENTATIVE, SHALL ISSUE  
17 A *SUBPOENA DUCES TECUM* STATING THEREIN  
18 THE RELEVANT FACTS, SPECIFYING THE PARTICULAR  
19 DOCUMENTS OR RECORDS NOT MADE AVAILABLE  
20 AND THE TAXPAYER LIABLE OR THE THIRD  
21 PARTY/OFFICE CONCERNED: *PROVIDED*, THAT  
22 INFORMATION OR RECORDS DULY RECEIVED OR  
23 ALREADY WITHIN THE CUSTODY OF THE BUREAU  
24 SHALL NOT BE COVERED BY ANY *SUBPOENA DUCES*  
25 *TECUM*.

26 "THE SERVICE OF A *SUBPOENA DUCES TECUM*  
27 SHALL BE EFFECTED BY THE REVENUE OFFICERS  
28 ASSIGNED TO INVESTIGATE THE CASE. HOWEVER, SUCH

1 SERVICE MAY BE MADE BY ANY OTHER INTERNAL  
2 REVENUE OFFICER AUTHORIZED FOR THE PURPOSE.

3 "THE *SUBPOENA DUCES TECUM* SHALL BE  
4 SERVED THROUGH PERSONAL SERVICE, BUT IF NOT  
5 PRACTICABLE, IT SHALL BE SERVED BY SUBSTITUTED  
6 SERVICE IN ACCORDANCE WITH THE RULES OF  
7 THE COURT.

8 "A CRIMINAL ACTION SHALL BE INSTITUTED FOR  
9 FAILURE TO OBEY THE *SUBPOENA DUCES TECUM*.

10 "BOOKS, RECORDS, AND DOCUMENTS SUBMITTED  
11 AS A RESULT OF A *SUBPOENA DUCES TECUM* SHALL  
12 BE UNDER THE CUSTODIANSHIP OF THE RECEIVING  
13 OFFICER WHO SHALL BE RESPONSIBLE FOR ITS  
14 SAFEKEEPING AND PRESERVATION, SUBJECT TO  
15 APPLICABLE RULES."

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

19 "SEC. 6-A. *SERVICE OF LETTER OF AUTHORITY,*  
20 *AND ASSESSMENT NOTICES ISSUED BY THE BUREAU.* -  
21 THE NOTICE TO THE TAXPAYER HEREIN REQUIRED MAY  
22 BE SERVED BY THE COMMISSIONER OR HIS DULY  
23 AUTHORIZED REPRESENTATIVE THROUGH PERSONAL  
24 SERVICE AT HIS REGISTERED ADDRESS. IN CASE  
25 PERSONAL SERVICE IS NOT PRACTICABLE, THE NOTICE  
26 SHALL BE SERVED BY SUBSTITUTED SERVICE IN  
27 ACCORDANCE WITH THE RULES OF THE COURT."

1           SEC. 5. Section 20 of the National Internal Revenue Code of  
2 1997, as amended, is hereby further amended to read as follows:

3           "SEC. 20. *Submission of Report and Pertinent*  
4 *Information by the Commissioner.* -

5           "(A) x x x

6           "(B) *SUBMISSION OF TAX-RELATED INFORMATION*  
7 *TO THE DEPARTMENT OF FINANCE.* - THE  
8 PROVISIONS OF SECTION 71, NOTWITHSTANDING, THE  
9 COMMISSIONER SHALL, UPON THE REQUEST OF THE  
10 SECRETARY OF FINANCE SPECIFICALLY IDENTIFYING  
11 THE NEEDED INFORMATION AND JUSTIFICATION FOR  
12 SUCH REQUEST, FURNISH THE SECRETARY PERTINENT  
13 TAXPAYER INFORMATION: *PROVIDED, HOWEVER, THAT*  
14 *THE SECRETARY AND THE RELEVANT OFFICERS*  
15 *HANDLING SUCH SPECIFIC INFORMATION SHALL BE*  
16 *COVERED BY THE PROVISIONS OF SECTION 270.*

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

25           SEC. 6. Section 22 of the National Internal Revenue Code of  
26 1997, as amended, is hereby further amended to read as follows:

27           "SEC. 22. *Definitions.* - x x x

28           "(A) x x x

1           “(B) x x x

2           “(C) x x x

3           “(D) x x x

4           “(E) The term ‘nonresident citizen’ means:

5           “(1) A citizen of the Philippines who establishes  
6 to the satisfaction of the Commissioner the fact of his  
7 physical presence abroad with a definite intention to  
8 reside therein.

9           “(2) A citizen of the Philippines who leaves the  
10 Philippines during the taxable year to reside abroad,  
11 either as an immigrant or for employment on a  
12 permanent basis.

13           “(3) A citizen of the Philippines who works and  
14 derives income from abroad and whose employment  
15 thereat requires him to be physically present abroad  
16 [most of the time] FOR ONE HUNDRED EIGHTY-THREE  
17 (183) DAYS OR MORE during the taxable year.

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

26           “(5) The taxpayer shall submit proof to the  
27 Commissioner to show his intention of leaving the  
28 Philippines to reside permanently abroad or to return to

1 and reside in the Philippines as the case may be for  
2 purpose of this Section.

3 "x x x."

4 SEC. 7. Section 27 of the National Internal Revenue Code of  
5 1997, as amended, is hereby further amended to read as follows:

6 "SEC. 27. *Rates of Income Tax on Domestic*  
7 *Corporations.* -

8 "(A) *In General.* - Except as otherwise provided  
9 in this Code, [an income tax of thirty-five percent  
10 (35%)] AN INCOME TAX RATE OF THIRTY PERCENT  
11 (30%), is hereby imposed upon the taxable income  
12 derived during each taxable year from all sources within  
13 and without the Philippines by every corporation, as  
14 defined in Section 22(B) of this Code and taxable under  
15 this Title as a corporation, organized in, or existing  
16 under the laws of the Philippines: [Provided, That  
17 effective January 1, 2009, the rate of income tax shall be  
18 thirty percent (30%).] PROVIDED, THAT THE RATE OF  
19 CORPORATE INCOME TAX SHALL BE TWENTY-EIGHT  
20 PERCENT (28%) BEGINNING JANUARY 1, 2021; TWENTY-  
21 SIX PERCENT (26%) BEGINNING JANUARY 1, 2023;  
22 TWENTY-FOUR PERCENT (24%) BEGINNING JANUARY 1,  
23 2025; TWENTY-TWO PERCENT (22%) BEGINNING  
24 JANUARY 1, 2027; AND TWENTY PERCENT (20%)  
25 BEGINNING JANUARY 1, 2029: PROVIDED, FURTHER,  
26 THAT THE PRESIDENT MAY ADVANCE THE SCHEDULED  
27 REDUCTION IN THE CORPORATE INCOME TAX RATE

1           WHEN ADEQUATE SAVINGS ARE REALIZED FROM THE  
2           RATIONALIZATION OF FISCAL INCENTIVES UNDER TITLE  
3           XIII OF THIS CODE, AS CERTIFIED BY THE SECRETARY  
4           OF FINANCE.

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

12          “The corporate income tax rate shall be applied on  
13          the amount computed by multiplying the number of  
14          months covered by the new rate within the fiscal year by  
15          the taxable income of the corporation for the period,  
16          divided by twelve.

17          “[*Provided, further*, That the President, upon the  
18          recommendation of the Secretary of Finance, may,  
19          effective January 1, 2000, allow corporations the option  
20          to be taxed at fifteen percent (15%) of gross income as  
21          defined herein, after the following conditions have been  
22          satisfied:

23                 “(1) A tax effort ratio of twenty percent (20%) of  
24                 Gross National Product (GNP);

25                 “(2) A ratio of forty percent (40%) of income tax  
26                 collection to total tax revenues;

27                 “(3) A VAT tax effort of four percent (4%) of GNP;  
28                 and]



1           “(4)A 0.9 percent (0.9%) ratio of the Consolidated  
2 Public Sector Financial Position (CPSFP) to GNP.

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

7           “The election of the gross income tax option by the  
8 corporation shall be irrevocable for three (3) consecutive  
9 taxable years during which the corporation is qualified  
10 under the scheme.

11           “For purposes of this Section, the term ‘gross  
12 income’ derived from business shall be equivalent to  
13 gross sales less sales returns, discounts and allowances  
14 and cost of goods sold. ‘Cost of goods sold’ shall include  
15 all business expenses directly incurred to produce the  
16 merchandise to bring them to their present location and  
17 use.

18           “For a trading or merchandising concern, ‘cost of  
19 goods sold’ shall include the invoice cost of the goods  
20 sold, plus import duties, freight in transporting the  
21 goods to the place where the goods are actually sold,  
22 including insurance while the goods are in transit.

23           “For a manufacturing concern, ‘cost of goods  
24 manufactured and sold’ shall include all costs of  
25 production of finished goods, such as raw materials  
26 used, direct labor and manufacturing overhead, freight  
27 cost, insurance premiums and other costs incurred to  
28 bring the raw materials to the factory or warehouse.]

1            "[In the case of taxpayers engaged in the sale of  
2 service, 'gross income' means gross receipts less sales  
3 returns, allowances and discounts.]

4            "(B) *Proprietary Educational Institutions and*  
5 *Hospitals.* -

6            "x x x."

7            "Provided, That if the gross income from  
8 'unrelated trade, business or other activity' exceeds fifty  
9 percent (50%) of the total gross income derived by such  
10 educational institutions or hospitals from all sources,  
11 the tax prescribed in Subsection (A) hereof shall be  
12 imposed on the entire taxable income. For purposes of  
13 this Subsection, the term 'unrelated trade, business or  
14 other activity' means any trade, business or other  
15 activity, the conduct of which is not substantially  
16 related to the exercise or performance by such  
17 educational institution or hospital of its primary  
18 purpose or function. A 'proprietary educational  
19 institution' is any private school maintained and  
20 administered by private individuals or groups with an  
21 issued permit to operate from the Department of  
22 Education[, Culture and Sports (DECS)] (DEPED), or  
23 the Commission on Higher Education (CHED), or the  
24 Technical Education and Skills Development Authority  
25 (TESDA), as the case may be, in accordance with  
26 existing laws and regulations.

1           “(C) *Government-owned or -Controlled*  
 2           *Corporations, Agencies or Instrumentalities.* – The  
 3           provisions of existing special or general laws to the  
 4           contrary notwithstanding, all corporations, agencies,  
 5           or instrumentalities owned or controlled by the  
 6           Government, except the Government Service Insurance  
 7           System (GSIS), the Social Security System (SSS), **HOME**  
 8           **DEVELOPMENT MUTUAL FUND**, the Philippine Health  
 9           Insurance Corporation (PHIC), and the local water  
 10          districts (**LWDs**) shall pay such rate of tax upon their  
 11          taxable income as are imposed by this Section upon  
 12          corporations or associations engaged in a similar  
 13          business, industry, or activity.

14           “(D) x x x

15           “(E) x x x.”

16          SEC. 8. Section 28 of the National Internal Revenue Code of  
 17          1997, as amended, is hereby further amended to read as follows:

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

20           “(A) *Tax on Resident Foreign Corporations.* –

21           “(1) *In General.* – Except as otherwise provided in  
 22           this Code, a corporation organized, authorized, or  
 23           existing under the laws of any foreign country, engaged  
 24           in trade or business within the Philippines, shall be  
 25           subject to an income tax equivalent to [thirty-five  
 26           percent (35%)] **THIRTY PERCENT (30%)** of the taxable  
 27           income derived in the preceding taxable year from all

1 sources within the Philippines: [*Provided*, That effective  
2 January 1, 2009, the rate of income tax shall be thirty  
3 percent (30%).] *PROVIDED*, THAT THE RATE OF  
4 CORPORATE INCOME TAX SHALL BE TWENTY-EIGHT  
5 PERCENT (28%) BEGINNING JANUARY 1, 2021;  
6 TWENTY-SIX PERCENT (26%) BEGINNING JANUARY 1,  
7 2023; TWENTY-FOUR PERCENT (24%) BEGINNING  
8 JANUARY 1, 2025; TWENTY-TWO PERCENT (22%)  
9 BEGINNING JANUARY 1, 2027; AND TWENTY PERCENT  
10 (20%) BEGINNING JANUARY 1, 2029: *PROVIDED*,  
11 *FURTHER*, THAT THE PRESIDENT MAY ADVANCE THE  
12 SCHEDULED REDUCTION IN THE CORPORATE INCOME  
13 TAX RATE WHEN ADEQUATE SAVINGS ARE REALIZED  
14 FROM THE RATIONALIZATION OF FISCAL INCENTIVES  
15 UNDER TITLE XIII OF THIS CODE, AS CERTIFIED BY THE  
16 SECRETARY OF FINANCE.

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

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

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

5           “(2) x x x

6           “(3) x x x

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

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

4 "[5] (4) *Tax on Branch Profits Remittances.* -  
5 Any profit remitted by a branch to its head office shall  
6 be subject to a tax of fifteen percent (15%) which shall  
7 be based on the total profits applied or earmarked for  
8 remittance without any deduction for the tax component  
9 thereof [(except those activities which are registered  
10 with the Philippine Economic Zone Authority)]. x x x

11 "[6] (5) *Regional or Area Headquarters and*  
12 *Regional Operating Headquarters of Multinational*  
13 *Companies.* -

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

16 "(b) Regional operating headquarters as defined in  
17 Section 22(EE) shall pay a tax of ten percent (10%) of  
18 their taxable income.

19 "PROVIDED, THAT REGIONAL OPERATING  
20 HEADQUARTERS SHALL BE SUBJECT TO THE REGULAR  
21 CORPORATE INCOME TAX TWO (2) YEARS FROM THE  
22 EFFECTIVITY OF THIS ACT.

23 "[7] (6) *Tax on Certain Incomes Received by a*  
24 *Resident Foreign Corporation.* -

25 "(a) *Interest from Deposits and Yield or any other*  
26 *Monetary Benefit from Deposit Substitutes, Trust Funds*  
27 *and Similar Arrangements and Royalties.* - Interest

1 from any currency bank deposit and yield or any other  
 2 monetary benefit from deposit substitutes and from  
 3 trust funds and similar arrangements and royalties  
 4 derived from sources within the Philippines shall be  
 5 subject to a final income tax at the rate of twenty  
 6 percent (20%) of such interest: *Provided, however,* That  
 7 interest income derived by a resident foreign corporation  
 8 from a depository bank under the expanded foreign  
 9 currency deposit system shall be subject to a final  
 10 income tax at the rate of [seven and one-half percent  
 11 (7½%)] FIFTEEN PERCENT (15%) of such interest  
 12 income.

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

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

23 “[Not over P100,000 ..... 5%

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

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

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

1           “(1) *In General.* – Except as otherwise provided  
2 in this Code, a foreign corporation not engaged in trade  
3 or business in the Philippines shall pay a tax equal to  
4 **[thirty-five percent (35%)] THIRTY PERCENT (30%)** of  
5 the gross income received during each taxable year from  
6 all sources within the Philippines, such as interests,  
7 dividends, rents, royalties, salaries, premiums (except  
8 reinsurance premiums), annuities, emoluments or other  
9 fixed or determinable annual, periodic or casual gains,  
10 profits and income, and capital gains, except capital  
11 gains subject to tax under subparagraph 5(c):  
12 **[Provided, That effective January 1, 2009, the rate of**  
13 **income tax shall be thirty percent (30%).] PROVIDED,**  
14 **THAT THE RATE OF CORPORATE INCOME TAX SHALL BE**  
15 **TWENTY-EIGHT PERCENT (28%) BEGINNING JANUARY 1,**  
16 **2021; TWENTY-SIX PERCENT (26%) BEGINNING JANUARY**  
17 **1, 2023; TWENTY-FOUR PERCENT (24%) BEGINNING**  
18 **JANUARY 1, 2025; TWENTY-TWO PERCENT (22%)**  
19 **BEGINNING JANUARY 1, 2027; AND TWENTY PERCENT**  
20 **(20%) BEGINNING JANUARY 1, 2029: PROVIDED,**  
21 **FURTHER, THAT THE PRESIDENT MAY ADVANCE THE**  
22 **SCHEDULED REDUCTION IN THE CORPORATE INCOME**  
23 **TAX RATE WHEN ADEQUATE SAVINGS ARE REALIZED**  
24 **FROM THE RATIONALIZATION OF FISCAL INCENTIVES**  
25 **UNDER TITLE XIII OF THIS CODE, AS CERTIFIED BY THE**  
26 **SECRETARY OF FINANCE.**

27           “(2) *Nonresident Cinematographic Film Owner,*  
28 *Lessor or Distributor.* – A cinematographic film owner,



1 lessor, or distributor shall pay a tax of twenty-five  
2 percent (25%) of its gross income from all sources within  
3 the Philippines.

4 "(3) x x x

5 "(4) x x x

6 "(5) *Tax on Certain Incomes Received by a*  
7 *Nonresident Foreign Corporation.* -

8 "(a) *Interest on Foreign Loans.* - x x x

9 "(b) *Intercorporate Dividends.* - A final  
10 withholding tax at the rate of fifteen percent (15%) is  
11 hereby imposed on the amount of cash and/or property  
12 dividends received from a domestic corporation, which  
13 shall be collected and paid as provided in Section 57(A)  
14 of this Code, subject to the condition that the country in  
15 which the nonresident foreign corporation is domiciled,  
16 shall allow a credit against the tax due from the  
17 nonresident foreign corporation taxes deemed to have  
18 been paid in the Philippines equivalent to [twenty  
19 percent (20%)] FIFTEEN PERCENT (15%), which  
20 represents the difference between the regular income  
21 tax [of thirty-five percent (35%)] and the fifteen percent  
22 (15%) tax on dividends as provided in this  
23 subparagraph: *Provided, That* [effective January 1,  
24 2009] EFFECTIVE JANUARY 1, 2019, the credit against  
25 the tax due shall be equivalent to [fifteen percent (15%),  
26 which represents] the difference between the regular

1 income tax RATE [of thirty percent (30%)] and the  
 2 fifteen percent (15%) tax on dividends;

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

11 “Not over P100,000 ..... 5%

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

13 SEC. 9. Section 34 of the National Internal Revenue Code of  
 14 1997, as amended, is hereby further amended to read as follows:

15 “SEC. 34. *Deductions from Gross Income.* –  
 16 Except for taxpayers earning compensation income  
 17 arising from personal services rendered under an  
 18 employer-employee relationship where no deductions  
 19 shall be allowed under this Section, in computing  
 20 taxable income subject to income tax under Sections  
 21 24(A); 25(A); 26; 27(A), (B), and (C); and 28(A)(1), there  
 22 shall be allowed the following deductions from gross  
 23 income:

24 “(A) *Expenses.* –

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

27 “x x x

1           “(B) *Interest.* –

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

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

19           “IF RATE IS TWENTY-SIX PERCENT (26%),  
20 INTEREST EXPENSE REDUCTION RATE IS TWENTY-THREE  
21 PERCENT (23%);

22           “IF RATE IS TWENTY-FOUR PERCENT (24%),  
23 INTEREST EXPENSE REDUCTION RATE IS SIXTEEN  
24 PERCENT (16%);

25           “IF RATE IS TWENTY-TWO PERCENT (22%),  
26 INTEREST EXPENSE REDUCTION RATE IS NINE PERCENT  
27 (9%);

1           "IF RATE IS TWENTY PERCENT (20%), INTEREST  
2 EXPENSE REDUCTION RATE IS ZERO PERCENT (0%).

3           "*PROVIDED, FINALLY, THAT IF THE INTEREST*  
4 *INCOME TAX IS ADJUSTED IN THE FUTURE, THE*  
5 *INTEREST EXPENSE REDUCTION RATE SHALL BE*  
6 *ADJUSTED ACCORDINGLY BASED ON THE PRESCRIBED*  
7 *STANDARD FORMULA AS DEFINED IN THE RULES*  
8 *AND REGULATIONS TO BE PROMULGATED BY THE*  
9 *SECRETARY OF FINANCE, UPON THE RECOMMENDATION*  
10 *OF THE COMMISSIONER.*

11           "(2) x x x

12           "(C) *Taxes.* - x x x

13           "(D) *Losses.* - x x x

14           "(E) *Bad Debts.* - x x x

15           "(F) *Depreciation.* - x x x

16           "(G) *Depletion of Oil and Gas Wells and Mines.* -

17 x x x

18           "(H) *Charitable and Other Contributions.* - x x x

19           "(I) *Research and Development.* - x x x

20           "(J) *Pension Trusts.* - x x x

21           "(K) *Additional Requirements for Deductibility of*  
22 *Certain Payments.* - x x x

23           "(L) *Optional Standard Deduction (OSD).* - In  
24 lieu of the deductions allowed under the preceding  
25 Subsections, an individual subject to tax under Section  
26 24, other than a nonresident alien, [may elect a  
27 standard deduction in an amount not exceeding forty  
28 percent (40%) of his gross sales or gross receipts, as the

1 case maybe. In the case of a] AND A corporation  
2 CLASSIFIED AS A MICRO, SMALL AND MEDIUM-SIZED  
3 ENTERPRISE AS DETERMINED BY THE DEPARTMENT OF  
4 TRADE AND INDUSTRY AND subject to tax under Sections  
5 27(A) and 28(A)(1), [it] may elect a standard deduction  
6 in an amount not exceeding forty percent (40%) of its  
7 gross income as defined in Section 32 of this Code.  
8 Unless the taxpayer signifies in his return his intention  
9 to elect the optional standard deduction, he shall be  
10 considered as having availed himself of the deductions  
11 allowed in the preceding Subsections. Such election  
12 when made in the return shall be irrevocable for the  
13 taxable year for which the return is made: *Provided*,  
14 That an individual who is entitled to and claimed for  
15 the optional standard deduction shall not be required  
16 to submit with his tax return such financial  
17 statements otherwise required under this Code:  
18 [*Provided, further*, That a general professional  
19 partnership and the partners comprising such  
20 partnership may avail of the optional standard  
21 deduction only once, either by the general professional  
22 partnership or the partners comprising the  
23 partnership:] *Provided, [finally,] FURTHER*, That except  
24 when the Commissioner otherwise permits, the said  
25 individual shall keep such records pertaining to his  
26 gross sales or gross receipts, or the said corporation  
27 shall keep such records pertaining to his gross income

1 as defined in Section 32 of this Code during the taxable  
 2 year, as may be required by the rules and regulations  
 3 promulgated by the Secretary of Finance, upon  
 4 recommendation of the Commissioner.

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

20 SEC. 10. Section 40(C)(2) of the National Internal Revenue  
 21 Code of 1997, as amended, is hereby further amended to read as  
 22 follows:

23 "SEC. 40. *Determination of Amount and*  
 24 *Recognition of Gain or Loss. -*

25 "(A) x x x

26 "(B) x x x

27 "(C) *Exchange of Property. -*

28 "(1) x x x

1           “(2) *Exception.* – No gain or loss shall be  
2 recognized TO A CORPORATION OR ON ITS STOCK OR  
3 SECURITIES IF SUCH CORPORATION IS A PARTY TO A  
4 REORGANIZATION AND EXCHANGES PROPERTY, [if] in  
5 pursuance of a plan of [merger or consolidation]  
6 REORGANIZATION SOLELY FOR STOCK OR SECURITIES IN  
7 ANOTHER CORPORATION THAT IS A PARTY TO THE  
8 REORGANIZATION. A REORGANIZATION IS DEFINED AS:

9           “(a) A corporation, which is a party to a merger or  
10 consolidation, exchanges property solely for stock in a  
11 corporation, which is a party to the merger or  
12 consolidation; or

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

1           “(c) [A security holder of a corporation, which is a  
2 party to the merger or consolidation, exchanges his  
3 securities in such corporation, solely for stock or  
4 securities in another corporation, a party to the  
5 merger or consolidation.] THE ACQUISITION BY ONE  
6 CORPORATION, IN EXCHANGE SOLELY FOR ALL OR A  
7 PART OF ITS VOTING STOCK OR IN EXCHANGE SOLELY  
8 FOR ALL OR A PART OF THE VOTING STOCK OF  
9 A CORPORATION WHICH IS IN CONTROL OF THE  
10 ACQUIRING CORPORATION, OR SUBSTANTIALLY ALL OF  
11 THE PROPERTIES OF ANOTHER CORPORATION, BUT IN  
12 DETERMINING WHETHER THE EXCHANGE IS SOLELY  
13 FOR STOCK THE ASSUMPTION BY THE ACQUIRING  
14 CORPORATION OF A LIABILITY OF THE OTHER SHALL  
15 BE DISREGARDED;

16           “(D) A RECAPITALIZATION; OR

17           “(E) A REINCORPORATION.

18           “No gain or loss shall also be recognized if  
19 property is transferred to a corporation by a person in  
20 exchange for stock or unit of participation in such a  
21 corporation of which as a result of such exchange said  
22 person, alone or together with others, not exceeding four  
23 (4) persons, [gains control of said corporation] AND,  
24 IMMEDIATELY AFTER, SUCH PERSON OR PERSONS ARE IN  
25 CONTROL: *Provided*, That stocks issued for services  
26 shall not be considered as issued in return for property.

27           “IN ALL OF THE ABOVE INSTANCES, THE  
28 TRANSACTION OR ARRANGEMENT MUST BE  
29 UNDERTAKEN FOR A LEGITIMATE OR *BONA FIDE*



1 BUSINESS PURPOSE AND NOT SOLELY FOR THE PURPOSE  
2 OF AVOIDING OR ESCAPING THE BURDEN OF TAXATION.

3 "THE PROVISION OF SECTION 50 OF THIS CODE  
4 SHALL BE APPLIED AND ENFORCED IN CASES WHERE  
5 THE TRANSACTION OR ARRANGEMENT ENTERED INTO IS  
6 FOUND TO BE NOT FOR LEGITIMATE OR *BONA FIDE*  
7 BUSINESS PURPOSE.

8 "SALE OR EXCHANGES OF PROPERTY USED FOR  
9 BUSINESS FOR SHARES OF STOCK COVERED UNDER THIS  
10 SUBSECTION SHALL NOT BE SUBJECT TO VALUE-ADDED  
11 TAX (VAT).

12 "x x x."

13 SEC. 11. Section 50 of the National Internal Revenue Code of  
14 1997, as amended, is hereby further amended to read as follows:

15 "SEC. 50. [*Allocation of Income and Deductions.* –

16 In the case of two or more organizations, trades or  
17 businesses (whether or not incorporated and whether or  
18 not organized in the Philippines) owned or controlled  
19 directly or indirectly by the same interests, the  
20 Commissioner is authorized to distribute, apportion or  
21 allocate gross income or deductions between or among  
22 such organization, trade or business, if he determines  
23 that such distribution, apportionment or allocation is  
24 necessary in order to prevent evasion of taxes or clearly  
25 to reflect the income of any such organization, trade or  
26 business.] *AUTHORITY OF THE COMMISSIONER TO*  
27 *DISTRIBUTE, APPORTION, ALLOCATE, AND IMPUTE*  
28 *INCOME AND DEDUCTIONS TO DISREGARD AND*

1           *COUNTERACT TAX AVOIDANCE ARRANGEMENTS.* - IN  
2           CASE OF TWO (2) OR MORE ORGANIZATIONS, TRADES  
3           OR BUSINESSES, WHETHER OR NOT ORGANIZED IN  
4           THE PHILIPPINES, OWNED OR CONTROLLED DIRECTLY  
5           OR INDIRECTLY BY THE SAME INTERESTS, THE  
6           COMMISSIONER IS AUTHORIZED TO DISTRIBUTE,  
7           APPORTION, ALLOCATE, OR IMPUTE INCOME OR  
8           DEDUCTIONS BETWEEN OR AMONG SUCH  
9           ORGANIZATIONS, TRADES OR BUSINESSES, IF THE  
10          COMMISSIONER DETERMINES THAT SUCH  
11          DISTRIBUTION, APPORTIONMENT, ALLOCATION, OR  
12          IMPUTATION IS NECESSARY IN ORDER TO PREVENT  
13          AVOIDANCE OF TAXES OR TO CLEARLY REFLECT  
14          THE INCOME OF ANY SUCH ORGANIZATION, TRADE,  
15          OR BUSINESS.

16                 "IN CASES WHEN A TRANSACTION OR  
17                 ARRANGEMENT, WHETHER ENTERED INTO BY THE  
18                 PERSON AFFECTED BY THE TRANSACTION OR  
19                 ARRANGEMENT OR BY ANOTHER PERSON, THAT  
20                 DIRECTLY OR INDIRECTLY HAS TAX AVOIDANCE AS ITS  
21                 PURPOSE OR EFFECT, WHETHER OR NOT ANY OTHER  
22                 PURPOSE OR EFFECT IS ATTRIBUTABLE TO ORDINARY  
23                 BUSINESS OR FAMILY DEALINGS, IF THE TAX AVOIDANCE  
24                 PURPOSE OR EFFECT IS NOT MERELY INCIDENTAL, THE  
25                 COMMISSIONER IS AUTHORIZED TO DISREGARD AND  
26                 CONSIDER SUCH TRANSACTION OR ARRANGEMENT AS  
27                 VOID FOR INCOME TAX PURPOSES, AND MAY ADJUST  
28                 THE TAXABLE INCOME OF A PERSON AFFECTED BY  
29                 THE ARRANGEMENT IN A WAY THE COMMISSIONER

1 THINKS APPROPRIATE, IN ORDER TO COUNTERACT A  
2 TAX ADVANTAGE OBTAINED BY THE PERSON FROM OR  
3 UNDER THE ARRANGEMENT.

4 "FOR PURPOSES OF THIS SECTION, THE TERM 'TAX  
5 AVOIDANCE' INCLUDES: (A) DIRECTLY OR INDIRECTLY  
6 ALTERING THE INCIDENCE OF ANY INCOME TAX;  
7 (B) DIRECTLY OR INDIRECTLY RELIEVING A PERSON  
8 FROM LIABILITY TO PAY INCOME TAX OR FROM A  
9 POTENTIAL OR PROSPECTIVE LIABILITY TO FUTURE  
10 INCOME TAX; OR (C) DIRECTLY OR INDIRECTLY  
11 AVOIDING, POSTPONING, OR REDUCING ANY LIABILITY  
12 TO INCOME TAX, OR ANY POTENTIAL OR PROSPECTIVE  
13 LIABILITY TO FUTURE INCOME TAX. THERE IS TAX  
14 AVOIDANCE IN THE AFOREMENTIONED INSTANCES,  
15 WHERE THE TRANSACTION OR ARRANGEMENT IS  
16 MOTIVATED BY OBTAINING TAX BENEFIT OR ADVANTAGE  
17 WITH NO COMMERCIAL REALITY OR ECONOMIC EFFECT  
18 AND THE USE OF THE PROVISIONS OF TAX LAWS ON SUCH  
19 TRANSACTION OR ARRANGEMENT WOULD NOT HAVE  
20 BEEN THE INTENTION OF THE LAW."

21 SEC. 12. Section 73 of the National Internal Revenue Code of  
22 1997, as amended, is hereby amended to read as follows:

23 "SEC. 73. *Distribution of Dividends or Assets by*  
24 *Corporations.* -

25 "(A) *Definition of Dividends.* - The term  
26 'dividends' when used in this Title means any  
27 distribution made by a corporation to its shareholders  
28 out of its earnings or profits and payable to its  
29 shareholders, whether in money or in other property.

1            “[Where a corporation distributes all of its assets  
2 in complete liquidation or dissolution, the gain realized  
3 or loss sustained by the stockholder, whether individual  
4 or corporate, is a taxable income or a deductible loss, as  
5 the case may be.]

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

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

24            “[~~(C)~~] (D) *Dividends Distributed are Deemed*  
25 *Made from Most Recently Accumulated Profits.* – Any  
26 distribution made to the shareholders or members of a  
27 corporation shall be deemed to have been made from the  
28 most recently accumulated profits or surplus, and shall

1 constitute a part of the annual income of the distributee  
2 for the year in which received.

3 “[(D)] (E) *Net Income of a Partnership Deemed*  
4 *Constructively Received by Partners.* – The taxable  
5 income declared by a partnership for a taxable year  
6 which is subject to tax under Section 27(A) of this Code,  
7 after deducting the corporate income tax imposed  
8 therein, shall be deemed to have been actually or  
9 constructively received by the partners in the same  
10 taxable year and shall be taxed to them in their  
11 individual capacity, whether actually distributed or  
12 not.”

13 SEC. 13. Section 112(A) and 112(B) of the National Internal  
14 Revenue Code of 1997, as amended, is hereby further amended to  
15 read as follows:

16 “SEC. 112. *Refunds [or Tax Credits] of Input*  
17 *Tax.* –

18 “(A) *Zero-Rated or Effectively Zero-Rated Sales.* –  
19 Any VAT-registered person, whose sales are zero-rated  
20 or effectively zero-rated may, within two (2) years after  
21 the close of the taxable quarter when the sales were  
22 made, apply for [the issuance of a tax credit certificate  
23 or] refund of creditable input tax due or paid  
24 attributable to such sales, except transitional input tax,  
25 to the extent that such input tax has not been applied  
26 against output tax: *Provided, however,* That in the case  
27 of zero-rated sales under Section 106(A)(2)(a)(1), (2) and

1        [(b) and] Section 108 (B)(1) and (2), the acceptable  
2        foreign currency exchange proceeds thereof had been  
3        duly accounted for in accordance with the rules and  
4        regulations of the Bangko Sentral ng Pilipinas (BSP):  
5        *Provided, further,* That where the taxpayer is engaged  
6        in zero-rated or effectively zero-rated sale and also in  
7        taxable or exempt sale of goods or properties or services,  
8        and the amount of creditable input tax due or paid  
9        cannot be directly and entirely attributed to any one of  
10       the transactions, it shall be allocated proportionately on  
11       the basis of the volume of sales: *Provided, finally,* That  
12       for a person making sales that are zero-rated under  
13       Section 108(B)(6), the input taxes shall be allocated  
14       ratably between his zero-rated and non-zero-rated sales.

15        “(B) *Cancellation of VAT Registration.* – A person  
16        whose registration has been cancelled due to retirement  
17        from or cessation of business, or due to changes in or  
18        cessation of status under Section 106(C) of this Code  
19        may, within two (2) years from the date of cancellation,  
20        apply for [the issuance of a tax credit certificate for any  
21        unused input tax which may be used in payment of his  
22        other internal revenue taxes] REFUND.

23        SEC. 14. Section 117 of the National Internal Revenue Code of  
24        1997, as amended, is hereby amended to read as follows:

25        “SEC. 117. *Percentage Tax on Domestic Carriers*  
26        *and Keepers of Garages.* – Cars for rent or hire driven by  
27        the lessee; transportation contractors, including persons

1 who transport passengers for hire, and other domestic  
2 carriers by land for the transport of passengers (except  
3 OWNERS/OPERATORS OF TRICYCLES OPERATING NOT  
4 MORE THAN TWO (2) UNITS, owners of bancas, and  
5 owners of animal-drawn two-wheeled vehicle), and  
6 keepers of garages shall pay a tax equivalent to three  
7 percent (3%) of their quarterly gross receipts.

8 "x x x."

9 SEC. 15. Section 204 of the National Internal Revenue Code of  
10 1997, as amended, is hereby amended to read as follows:

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

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

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

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

20 "The compromise settlement of any tax liability  
21 shall be subject to the following minimum amounts:

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

25 "For other cases, a minimum compromise rate  
26 equivalent to forty percent (40%) of the basic assessed  
27 tax.

1           “Where the basic tax involved exceeds [One] TEN  
2 million pesos [(P1,000.000)] (P10,000,000) or where the  
3 settlement offered is less than the prescribed minimum  
4 rates, the compromise shall be subject to the approval of  
5 the Evaluation Board which shall be composed of the  
6 Commissioner and the four (4) Deputy Commissioners.

7           “x x x.”

8           SEC. 16. Section 222 of the National Internal Revenue Code of  
9 1997, as amended, is hereby amended to read as follows:

10           “SEC. 222. *Exceptions as to Period of Limitation of*  
11 *Assessment and Collection of Taxes.* –

12           “(a) x x x

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

24           “x x x.”

25           SEC. 17. Section 237 of the National Internal Revenue Code of  
26 1997, as amended, is hereby amended to read as follows:



1           “SEC. 237. *Issuance of Receipts or Sales or*  
2           *Commercial Invoices.* –

3           “(A) *Issuance.* – x x x

4           “Within five (5) years from the effectivity of this  
5           Act and upon the establishment of a system capable of  
6           storing and processing the required data, the Bureau  
7           shall require taxpayers engaged in the export of goods  
8           and services, taxpayers engaged in e-commerce, and  
9           taxpayers under the jurisdiction of the Large Taxpayers  
10          Service to issue AND TRANSMIT electronic receipts or  
11          sales or commercial invoices [in lieu of manual receipts  
12          or sales or commercial invoices] THRU DESIGNATED  
13          ELECTRONIC CHANNELS WITH A PUBLIC CERTIFICATION  
14          SYSTEM ACCREDITED BY THE BUREAU, subject to the  
15          rules and regulations to be issued by the Secretary of  
16          Finance upon recommendation of the Commissioner  
17          [and after a] following a public hearing [shall have  
18          been] held for this purpose: *Provided*, That taxpayers  
19          not covered by the mandate of this provision may  
20          issue electronic receipts of sales or commercial invoices  
21          in lieu of manual receipts or sales or commercial  
22          invoices: *PROVIDED, FURTHER, SUBJECT TO THE RULES*  
23          *AND REGULATIONS TO BE ISSUED BY THE SECRETARY*  
24          *OF FINANCE, THE COMMISSIONER MAY REQUIRE ANY*  
25          *TAXPAYER TO COMPLY WITH THE PROVISIONS OF THIS*  
26          *SECTION.*

27                 “*A PUBLIC CERTIFICATION SYSTEM SHALL REFER*  
28                 *TO A DIGITAL PERSONAL AUTHENTICATION PROGRAM*

1 WITH ABILITY TO VERIFY THE IDENTITY OF ISSUING  
2 TAXPAYER AND ATTEST TO THE AUTHENTICITY OF  
3 THE INFORMATION IN THE ELECTRONIC RECEIPTS OR  
4 SALES OR COMMERCIAL INVOICES. THIS MAY INCLUDE  
5 THE USE OF DIGITAL SIGNATURE ISSUED BY  
6 CERTIFICATION AUTHORITY AS ACCREDITED BY THE  
7 BUREAU OF INTERNAL REVENUE.

8 "A DESIGNATED ELECTRONIC CHANNEL SHALL  
9 REFER TO ANY MEDIUM OR PORTAL IDENTIFIED  
10 BY THE BUREAU WITH AN ABILITY TO RECEIVE THE  
11 TRANSACTION DATA OF THE ELECTRONIC RECEIPTS OF  
12 SALES OR COMMERCIAL INVOICES FOR ASSIGNMENT OF  
13 AN APPROVED ELECTRONIC TAX TRANSACTION NUMBER.

14 "AN APPROVED TAX TRANSACTION NUMBER SHALL  
15 REFER TO THE UNIQUE ASSIGNED SERVICE NUMBERS  
16 AND/OR LETTERS LINKED TO A VALIDATED SALES  
17 TRANSACTION REPORTED THROUGH THE DESIGNATED  
18 ELECTRONIC CHANNEL.

19 "The original of each receipt or invoice shall be  
20 issued to the purchaser, customer, or client at the time  
21 the transaction is effected, who, if engaged in the  
22 business or in the exercise of profession, shall keep and  
23 preserve the same in his place of business for a period of  
24 three (3) years from the close of the taxable year in  
25 which such invoice or receipt was issued, while the  
26 duplicate shall be kept and preserved by the issuer, also  
27 in his place of business, for a like period: *Provided*, That  
28 in case of electronic receipts or sales or commercial  
29 invoices, digital record of the same [shall be kept by the  
30 purchaser, customer or client and the issuer for the

1 same period above stated] BEARING THE APPROVED  
2 ELECTRONIC TAX TRANSACTION NUMBER SHALL BE  
3 SUFFICIENT COMPLIANCE.

4 "The Commissioner may, in meritorious cases,  
5 exempt any person subject to internal revenue tax from  
6 compliance with the provision of this Section."

7 SEC. 18. Section 237-A of the National Internal Revenue Code  
8 of 1997, as amended, is hereby amended to read as follows:

9 "SEC. 237-A. *Electronic Sales Reporting System.* -  
10 Within five (5) years from the effectivity of this Act and  
11 upon the establishment of a system capable of storing  
12 and processing the required data, the Bureau shall  
13 require taxpayers engaged in the export of goods  
14 and services, and taxpayers engaged in e-commerce and  
15 taxpayers under the jurisdiction of the Large Taxpayers  
16 Service to USE A SYSTEM CAPABLE OF ISSUING  
17 ELECTRONIC RECEIPTS OR SALES OR COMMERCIAL  
18 INVOICES, COLLECT TRANSACTION RECORDS, AND  
19 TRANSMIT THE SAME THROUGH THE DESIGNATED  
20 ELECTRONIC CHANNELS OF THE BUREAU IN THE  
21 STANDARD FORMAT REQUIRED [electronically report  
22 their sales data to the Bureau through the use of  
23 electronic point of sales systems,] subject to the rules  
24 and regulations to be issued by the Secretary of Finance  
25 upon recommendation of the Commissioner of Internal  
26 Revenue: *Provided*, That the POINT OF SALE (POS)  
27 machines, VALUE-ADDED NETWORK (VAN) TERMINALS,  
28 fiscal devices, and fiscal memory devices WITH CAPACITY

1 TO MAKE SUCH TRANSMISSION shall be at the expense  
2 of the taxpayers: *PROVIDED, FURTHER*, SUBJECT TO  
3 THE RULES AND REGULATIONS TO BE ISSUED BY  
4 THE SECRETARY OF FINANCE, THE COMMISSIONER  
5 MAY REQUIRE ANY TAXPAYER TO COMPLY WITH THE  
6 PROVISIONS OF THIS SECTION.

7 "IN YEAR ONE (1) TO YEAR FOUR (4) OF THE  
8 IMPLEMENTATION PERIOD, A TAXPAYER WHO ADOPTS  
9 THE REQUIRED SYSTEM SHALL BE GRANTED A TAX  
10 CREDIT OF 0.1% OF THE PURCHASE VALUE, NET OF  
11 VALUE-ADDED TAX, FOR EVERY ELECTRONIC RECEIPT  
12 OR SALE OR COMMERCIAL INVOICE TRANSMITTED  
13 THROUGH THE DESIGNATED ELECTRONIC CHANNELS OF  
14 THE BUREAU AND ISSUED AN ELECTRONIC TAX  
15 TRANSACTION NUMBER.

16 "IN SUPPORT OF THE ELECTRONIC SALES  
17 REPORTING SYSTEM, THE BUREAU OF INTERNAL  
18 REVENUE MAY GRANT TAX INCENTIVES FOR  
19 ELECTRONICALLY TRACEABLE PAYMENTS (ETP) IN THE  
20 FORM OF ALLOWABLE DEDUCTIBLE EXPENSE OF UP  
21 TO TEN PERCENT (10%) OF THE ETP MADE BY THE  
22 TAXPAYER. AN ANNUAL LIMIT ON THE ALLOWED ETP  
23 DEDUCTIBLE EXPENSE PER TAXPAYER MAY BE SET BY  
24 THE COMMISSIONER WITH THE APPROVAL OF THE  
25 SECRETARY OF FINANCE.

26 "ELECTRONICALLY TRACEABLE PAYMENTS REFER  
27 TO CREDIT CARD, DEBIT CARD, OR OTHER METHODS OF  
28 PAYMENT WITH A SYSTEM TO VERIFY OR LINK THE  
29 PAYMENT TO THE IDENTITY OF PAYOR.

1           “THE BUREAU MAY LIKEWISE ESTABLISH A  
2 RECEIPT AND INVOICE LOTTERY PROGRAM FOR  
3 ELECTRONIC RECEIPTS OR SALES OR COMMERCIAL  
4 INVOICES TRANSMITTED THROUGH THE DESIGNATED  
5 ELECTRONIC CHANNELS OF THE BUREAU AND ISSUED AN  
6 ELECTRONIC TAX TRANSACTION NUMBER.

7           “The data processing of sales and purchase data  
8 shall comply with the provisions of Republic Act  
9 No. 10173, otherwise known as the ‘Data Privacy Act’  
10 and Section 270 of the NIRC, as amended, on unlawful  
11 divulgence of taxpayer information and such other laws  
12 relating to the confidentiality of information.

13           “The Bureau shall also establish policies, risk  
14 management approaches, actions, trainings, and  
15 technologies to protect the cyber environment,  
16 organization, and data in compliance with Republic Act  
17 No. 10175 or the ‘Cybercrime Prevention Act of 2012.’”

18           SEC. 19. Section 255 of the National Internal Revenue Code of  
19 1997, as amended, is hereby amended to read as follows:

20           “SEC. 255. *Failure to File Return, Supply Correct*  
21 *and Accurate Information, Pay Tax Withhold and*  
22 *Remit Tax and Refund Excess Taxes Withheld on*  
23 *Compensation.* – Any person required under this Code  
24 or by rules and regulations promulgated thereunder to  
25 pay any tax, make a return, keep any record, or supply  
26 correct and accurate information, who willfully fails to  
27 pay such tax, make such return, keep such record, or  
28 supply correct and accurate information, or withhold or

1           remit taxes withheld, or refund excess taxes withheld on  
2           compensation, at the time or times required by law or  
3           rules and regulations shall, in addition to other  
4           penalties provided by law, upon conviction thereof, be  
5           punished by a fine of not less than [Ten thousand pesos  
6           (P10,000)] ONE HUNDRED THOUSAND PESOS (P100,000)  
7           BUT NOT MORE THAN ONE MILLION TWO HUNDRED  
8           THOUSAND PESOS (P1,200,000) and suffer  
9           imprisonment of not less than one (1) year but not more  
10          than ten (10) years.

11           “Any person who attempts to make it appear for  
12          any reason that he or another has in fact filed a return  
13          or statement, or actually files a return or statement and  
14          subsequently withdraws the same return or statement  
15          after securing the official receiving seal or stamp of  
16          receipt of internal revenue office wherein the same was  
17          actually filed shall, upon conviction therefore, be  
18          punished by a fine of not less than [Ten thousand pesos  
19          (P10,000) but not more than Twenty thousand pesos  
20          (P20,000)] ONE HUNDRED THOUSAND PESOS (P100,000)  
21          BUT NOT MORE THAN ONE MILLION TWO HUNDRED  
22          THOUSAND PESOS (P1,200,000) and suffer  
23          imprisonment of not less than one (1) year but not more  
24          than three (3) years.”

1           SEC. 20. Section 256 of the National Internal Revenue Code of  
2 1997, as amended, is hereby amended to read as follows:

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

15           SEC. 21. Section 257 of the National Internal Revenue Code of  
16 1997, as amended, is hereby amended to read as follows:

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

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

24           “(1) Willfully falsifies any report or statement  
25 bearing on any examination or audit, or renders a  
26 report, including exhibits, statements, schedules or  
27 other forms of accountancy work which has not been

1 verified by him personally or under his supervision or by  
2 a member of his firm or by a member of his staff in  
3 accordance with sound auditing practices; or

4 “(2) Certifies financial statements of a business  
5 enterprise containing an essential misstatement of facts  
6 or omission in respect of the transactions, taxable  
7 income, deduction and exemption of his client; or

8 “(B) Any person who:

9 “(1) Not being an independent Certified Public  
10 Accountant according to Section 232(B) or a financial  
11 officer, examines and audits books of accounts of  
12 taxpayers; or

13 “(2) Offers to sign and certify financial statements  
14 without audit; or

15 “(3) Offers any taxpayer the use of accounting  
16 bookkeeping records for internal revenue purposes not  
17 in conformity with the requirements prescribed in this  
18 Code or rules and regulations promulgated thereunder;  
19 or

20 “(4) Knowingly makes any false entry or enters  
21 any false or fictitious name in the books of accounts or  
22 record mentioned in the preceding paragraphs; or

23 “(5) Keeps two (2) or more sets of such records or  
24 books of accounts; or

25 “(6) In any way commits an act or omission, in  
26 violation of the provisions of this Section; or

27 “(7) Fails to keep the books of accounts or records  
28 mentioned in Section 232 in a native language, English



1 or Spanish, or to make a true and complete translation  
2 as required in Section 234 of this Code, or whose books  
3 of accounts or records kept in a native language,  
4 English or Spanish, and found to be at material  
5 variance with books or records kept by him in another  
6 language; or

7 “(8) Willfully attempts in any manner to evade or  
8 defeat any tax imposed under this Code, or knowingly  
9 uses fake or falsified revenue official receipts, Letters of  
10 Authority, certificates authorizing registration, Tax  
11 Credit Certificates, Tax Debit Memoranda and other  
12 accountable forms shall, upon conviction for each act or  
13 omission, be punished by a fine not less than [Fifty  
14 thousand pesos (P50,000) but not more than One  
15 hundred thousand pesos (P100,000)] **THREE HUNDRED**  
16 **THOUSAND PESOS (P300,000) BUT NOT MORE THAN**  
17 **ONE MILLION TWO HUNDRED THOUSAND PESOS**  
18 **(P1,200,000)** and suffer imprisonment of not less than  
19 two (2) years but not more than six (6) years.

20 “If the offender is a Certified Public Accountant,  
21 his certificate as a Certified Public Accountant shall be  
22 automatically revoked or cancelled upon conviction.

23 “In the case of foreigners, conviction under this  
24 Code shall result in [his] **THEIR** immediate deportation  
25 after serving sentence, without further proceedings for  
26 deportation.”

1           SEC. 22. Section 258 of the National Internal Revenue Code  
2 of 1997, as amended, is hereby amended to read as follows:

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

24           SEC. 23. Section 260 of the National Internal Revenue Code  
25 of 1997, as amended, is hereby amended to read as follows:

26           “SEC. 260. *Unlawful Possession of Cigarette Paper*  
27 *in Bobbins or Rolls, Etc.* – It shall be unlawful for any

1 person to have in his possession cigarette paper in  
2 bobbins or rolls, cigarette tipping paper or cigarette  
3 filter tips, without the corresponding authority therefor  
4 issued by the Commissioner. Any person, importer,  
5 manufacturer of cigar and cigarettes, who has been  
6 found guilty under this Section, shall, upon conviction  
7 for each act or omission, be punished by a fine of not  
8 less than [Twenty thousand pesos (P20,000) but not  
9 more than One hundred thousand pesos (P100,000)]  
10 ONE MILLION FIVE HUNDRED THOUSAND PESOS  
11 (P1,500,000) BUT NOT MORE THAN FIFTEEN MILLION  
12 PESOS (P15,000,000) and suffer imprisonment for a  
13 term of not less than six (6) years and one (1) day but  
14 not more than twelve (12) years.”

15 SEC. 24. Section 261 of the National Internal Revenue Code  
16 of 1997, as amended, is hereby amended to read as follows:

17 “SEC. 261. *Unlawful Use of Denatured Alcohol.* –  
18 Any person who for the purpose of manufacturing any  
19 beverage, uses denatured alcohol or alcohol specially  
20 denatured to be used for motive power or withdrawn  
21 under bond for industrial uses or alcohol knowingly  
22 misrepresented to be denatured to be unfit for oral  
23 intake or who knowingly sells or offers for sale any  
24 beverage made in whole or in part from such alcohol or  
25 who uses such alcohol for the manufacture of liquid  
26 medicinal preparations taken internally, or knowingly  
27 sells or offers for sale such preparations containing as

1 an ingredient such alcohol, shall upon conviction for  
2 each act or omission be punished by a fine of not less  
3 than [Twenty thousand pesos (P20,000) but not more  
4 than One hundred thousand pesos (P100,000)] ONE  
5 MILLION FIVE HUNDRED THOUSAND PESOS  
6 (P1,500,000) BUT NOT MORE THAN FIFTEEN MILLION  
7 PESOS (P15,000,000) and suffer imprisonment for a  
8 term of not less than six (6) years and one (1) day but  
9 not more than twelve (12) years.

10 "Any person who shall unlawfully recover or  
11 attempt to recover by distillation or other process any  
12 denatured alcohol or who knowingly sells or offers for  
13 sale, conceals or otherwise disposes of alcohol so  
14 recovered or redistilled shall be subject to the same  
15 penalties imposed under this Section."

16 SEC. 25. Section 262 of the National Internal Revenue Code  
17 of 1997, as amended, is hereby amended to read as follows:

18 "SEC. 262. *Shipment or Removal of Liquor or*  
19 *Tobacco Products under False Name or Brand or as an*  
20 *Imitation of any Existing or Otherwise Known Product*  
21 *Name or Brand.* — Any person who ships, transports or  
22 removes spirituous, compounded or fermented liquors,  
23 wines or any manufactured products of tobacco under  
24 any other than the proper name or brand known to the  
25 trade as designating the kind and quality of the  
26 contents of the cask, bottle or package containing the  
27 same or as an imitation of any existing or otherwise  
28 known product name or brand or causes such act to be

1 done, shall, upon conviction for each act or omission, be  
2 punished by a fine of not less than [Twenty thousand  
3 pesos (P20,000) but not more than One hundred  
4 thousand pesos (P100,000)] ONE MILLION FIVE  
5 HUNDRED THOUSAND PESOS (P1,500,000) BUT NOT  
6 MORE THAN FIFTEEN MILLION PESOS (P15,000,000)  
7 and suffer imprisonment of not less than six (6) years  
8 and one (1) day but not more than twelve (12) years.”

9 SEC. 26. Section 263 of the National Internal Revenue Code  
10 of 1997, as amended, is hereby amended to read as follows:

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

19 “(a) A fine of not less than [One thousand pesos  
20 (P1,000)] TWENTY-FIVE THOUSAND PESOS (P25,000)  
21 [nor] BUT NOT more than [Two thousand pesos  
22 (P2,000)] SEVENTY-FIVE THOUSAND PESOS (P75,000)  
23 and suffer imprisonment of not less than [sixty (60)  
24 days but not more than one hundred (100) days]  
25 THIRTY (30) DAYS BUT NOT MORE THAN SIX (6) MONTHS  
26 if the appraised value, to be determined in the manner

1 prescribed in the [Tariff and Customs Code] CUSTOMS  
2 MODERNIZATION AND TARIFF ACT, including duties and  
3 taxes, of the articles does not exceed [One thousand  
4 pesos (P1,000)] TWO HUNDRED FIFTY THOUSAND PESOS  
5 (P250,000);

6 “(b) A fine of not less than [Ten thousand pesos  
7 (P10,000)] SEVENTY-FIVE THOUSAND PESOS (P75,000)  
8 but not more than [Twenty thousand pesos (P20,000)]  
9 ONE HUNDRED FIFTY THOUSAND PESOS (P150,000)  
10 and suffer imprisonment of not less than [two (2) years  
11 but not more than four (4) years] SIX (6) MONTHS AND  
12 ONE (1) DAY BUT NOT MORE THAN ONE (1) YEAR if the  
13 appraised value, to be determined in the manner  
14 prescribed in the [Tariff and Customs Code ] CUSTOMS  
15 MODERNIZATION AND TARIFF ACT, including duties  
16 and taxes, of the articles exceeds [One thousand pesos  
17 (P1,000)] TWO HUNDRED FIFTY THOUSAND PESOS  
18 (P250,000) but does not exceed [Fifty thousand pesos  
19 (P50,000)] FIVE HUNDRED THOUSAND PESOS  
20 (P500,000);

21 “(c) A fine of not less than [Thirty thousand  
22 pesos (P30,000)] ONE HUNDRED FIFTY THOUSAND  
23 PESOS (P150,000) but not more than [Sixty thousand  
24 pesos (P60,000)] THREE HUNDRED THOUSAND PESOS

1 (P300,000) and suffer imprisonment of not less than  
2 [four (4) years but not more than six (6) years] ONE (1)  
3 YEAR AND ONE (1) DAY BUT NOT MORE THAN THREE (3)  
4 YEARS, if the appraised value, to be determined in the  
5 manner prescribed in the [Tariff and Customs Code]  
6 CUSTOMS MODERNIZATION AND TARIFF ACT, including  
7 duties and taxes, of the articles is more than [Fifty  
8 thousand pesos (P50,000) but does not exceed One  
9 hundred fifty thousand pesos (P150,000)] FIVE  
10 HUNDRED THOUSAND PESOS (P500,000) BUT DOES NOT  
11 EXCEED ONE MILLION PESOS (P1,000,000); [or]

12 “(d) A fine of not less than [Fifty thousand  
13 pesos (P50,000)] THREE HUNDRED THOUSAND PESOS  
14 (P300,000) but not more than [One hundred  
15 thousand pesos (P100,000)] ONE MILLION FIVE  
16 HUNDRED THOUSAND PESOS (P1,500,000) and suffer  
17 imprisonment of [not less than ten (10) years but not  
18 more than twelve (12) years] THREE (3) YEARS AND  
19 ONE (1) DAY BUT NOT MORE THAN SIX (6) YEARS, if the  
20 appraised value, to be determined in the manner  
21 prescribed in the [Tariff and Customs Code] CUSTOMS  
22 MODERNIZATION AND TARIFF ACT, including duties  
23 and taxes, of the articles exceeds [One hundred fifty  
24 thousand pesos (P150,000)] IS MORE THAN ONE

1 MILLION PESOS (P1,000,000) BUT NOT MORE THAN  
2 FIVE MILLION PESOS (P5,000,000)[.];

3 “(E) A FINE OF NOT LESS THAN ONE MILLION FIVE  
4 HUNDRED THOUSAND PESOS (P1,500,000) BUT NOT  
5 MORE THAN FIFTEEN MILLION PESOS (P15,000,000),  
6 AND SUFFER IMPRISONMENT OF NOT LESS THAN SIX (6)  
7 YEARS AND ONE (1) DAY BUT NOT MORE THAN TWELVE  
8 (12) YEARS, IF THE APPRAISED VALUE, TO BE  
9 DETERMINED IN THE MANNER PRESCRIBED IN THE  
10 CUSTOMS MODERNIZATION AND TARIFF ACT,  
11 INCLUDING DUTIES AND TAXES, OF THE ARTICLES IS  
12 MORE THAN FIVE MILLION PESOS (P5,000,000) BUT  
13 NOT MORE THAN FIFTY MILLION PESOS (P50,000,000);

14 “(F) A FINE OF NOT LESS THAN FIFTEEN  
15 MILLION PESOS (P15,000,000) BUT NOT MORE THAN  
16 FIFTY MILLION PESOS (P50,000,000), AND SUFFER  
17 IMPRISONMENT OF NOT LESS THAN TWELVE (12) YEARS  
18 AND ONE (1) DAY BUT NOT MORE THAN TWENTY (20)  
19 YEARS, IF THE APPRAISED VALUE, TO BE DETERMINED  
20 IN THE MANNER PRESCRIBED IN THE CUSTOMS  
21 MODERNIZATION AND TARIFF ACT, INCLUDING DUTIES  
22 AND TAXES, OF THE ARTICLES IS MORE THAN FIFTY  
23 MILLION PESOS (P50,000,000) BUT NOT MORE THAN  
24 TWO HUNDRED MILLION PESOS (P200,000,000); OR

25 “(G) IF THE APPRAISED VALUE OF THE GOODS  
26 UNLAWFULLY IMPORTED TO BE DETERMINED IN  
27 THE MANNER PRESCRIBED IN THE CUSTOMS  
28 MODERNIZATION AND TARIFF ACT, INCLUDING DUTIES



1 AND TAXES, EXCEEDS TWO HUNDRED MILLION PESOS  
2 (P200,000,000) OR IF THE AGGREGATE AMOUNT OF THE  
3 APPRAISED VALUE OF THE GOODS WHICH ARE THE  
4 SUBJECT OF UNLAWFUL IMPORTATION COMMITTED IN  
5 MORE THAN ONE INSTANCE, INCLUDING DUTIES AND  
6 TAXES, EXCEEDS TWO HUNDRED MILLION PESOS  
7 (P200,000,000), THE SAME SHALL BE PUNISHABLE  
8 WITH A PENALTY OF TWENTY (20) YEARS AND ONE (1)  
9 DAY BUT NOT MORE THAN THIRTY (30) YEARS AND A  
10 FINE OF NOT LESS THAN FIFTY MILLION PESOS  
11 (P50,000,000).

12 "Any person who is found in possession of locally  
13 manufactured articles subject to excise tax, the tax on  
14 which has not been paid in accordance with law, or any  
15 person who is found in possession of such articles which  
16 are exempt from excise tax other than those to whom  
17 the same is lawfully issued shall be punished with a  
18 fine of not less than ten (10) times the amount of excise  
19 tax due on the articles found but not less than [Five  
20 hundred pesos (P500)] TWENTY-FIVE THOUSAND PESOS  
21 (P25,000) and suffer imprisonment of not less than two  
22 (2) years but not more than four (4) years.

23 "Any manufacturer, owner or person in charge of  
24 any article subject to excise tax who removes or allows  
25 or causes the unlawful removal of any such articles  
26 from the place of production or bonded warehouse, upon  
27 which the excise tax has not been paid at the time and  
28 in the manner required, and any person who knowingly

1 aids or abets in the removal of such articles as  
2 aforesaid, or conceals the same after illegal removal  
3 shall, for the first offense, be punished with a fine of not  
4 less than ten (10) times the amount of excise tax due on  
5 the articles but not less than [One thousand pesos  
6 (P1,000)] **TWENTY-FIVE THOUSAND PESOS (P25,000)**  
7 and suffer imprisonment of not less than [one (1) year  
8 but not more than two (2) years] **TWO (2) YEARS BUT**  
9 **NOT MORE THAN FOUR (4) YEARS.**

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

14 SEC. 27. Section 264 of the National Internal Revenue Code  
15 of 1997, as amended, is hereby amended to read as follows:

16 "SEC. 264. *Failure or Refusal to Issue Receipts or*  
17 *Sales or Commercial Invoices, Violations Related to*  
18 *the Printing of such Receipts or Invoices and Other*  
19 *Violations. -*

20 "(a) Any person who, being required under  
21 Section 237 to issue receipts or sales or commercial  
22 invoices, fails or refuses to issue such receipts or  
23 invoices, issues receipts or invoices that do not truly  
24 reflect and/or contain all the information required to be  
25 shown therein, or uses multiple or double receipts or  
26 invoices, shall, upon conviction for each act or omission,  
27 be punished by a fine of not less than [One thousand

1 pesos (P1,000) but not more than Fifty thousand pesos  
2 (P50,000)] ONE HUNDRED THOUSAND PESOS  
3 (P100,000) BUT NOT MORE THAN FIVE HUNDRED  
4 THOUSAND PESOS (P500,000) and suffer imprisonment  
5 of not less than [two (2) years but not more than four  
6 (4) years] FOUR (4) YEARS BUT NOT MORE THAN EIGHT  
7 (8) YEARS.

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

12 “(1) Printing of receipts or sales or commercial  
13 invoices without authority from the Bureau of Internal  
14 Revenue; or

15 “(2) Printing of double or multiple sets of invoices  
16 or receipts; or

17 “(3) Printing of unnumbered receipts or sales or  
18 commercial invoices, not bearing the name, business  
19 style, Taxpayer Identification Number, and business  
20 address of the person or entity.”

21 SEC. 28. Section 265 of the National Internal Revenue Code  
22 of 1997, as amended, is hereby amended to read as follows:

23 “SEC. 265. *Offenses Relating to Stamps.* – Any  
24 person who commits any of the acts enumerated  
25 hereunder shall, upon conviction thereof, be punished  
26 by a fine of not less than [Twenty thousand pesos  
27 (P20,000)] SEVEN HUNDRED THOUSAND PESOS

1 (P700,000) but not more than [Fifty thousand pesos  
2 (P50,000)] ONE MILLION TWO HUNDRED THOUSAND  
3 PESOS (P1,200,000) and suffer imprisonment of not less  
4 than four (4) years but not more than eight (8) years:

5 “(a) Making, importing, selling, using or  
6 possessing without express authority from the  
7 Commissioner, any die for printing or making stamps,  
8 labels, tags or playing cards;

9 “(b) Erasing the cancellation marks of any stamp  
10 previously used, or altering the written figures or  
11 letters or cancellation marks on internal revenue  
12 stamps;

13 “(c) Possessing false, counterfeit, restored or  
14 altered stamps, labels or tags or causing the commission  
15 of any such offense by another;

16 “(d) Selling or offering for sale any box or package  
17 containing articles subject to excise tax with false,  
18 spurious or counterfeit stamps or labels or selling from  
19 any such fraudulent box, package or container as  
20 aforementioned; or

21 “(e) Giving away or accepting from another, or  
22 selling, buying or using containers on which the stamps  
23 are not completely destroyed.”

24 SEC. 29. Section 266 of the National Internal Revenue Code  
25 of 1997, as amended, is hereby amended to read as follows:

26 “SEC. 266. *Failure to Obey Summons.* – Any  
27 person who, being duly summoned to appear to testify,

1 or to appear and produce books of accounts, records,  
2 memoranda or other papers, or to furnish information  
3 as required under the pertinent provisions of this Code,  
4 neglects to appear or to produce such books of accounts,  
5 records, memoranda or other papers, or to furnish such  
6 information, shall, upon conviction, be punished by a  
7 fine of not less than [Five thousand pesos (P5,000)]  
8 ONE HUNDRED THOUSAND PESOS (P100,000) but not  
9 more than [Ten thousand pesos (P10,000)] THREE  
10 HUNDRED THOUSAND PESOS (P300,000) and suffer  
11 imprisonment of not less than one (1) year but not more  
12 than two (2) years.”

13 SEC. 30. Section 275 of the National Internal Revenue Code  
14 of 1997, as amended, is hereby amended to read as follows:

15 “SEC. 275. *Violation of Other Provisions of this*  
16 *Code or Rules and Regulations in General.* – Any  
17 person who violates any provision of this Code or any  
18 rule or regulation promulgated by the Department of  
19 Finance, for which no specific penalty is provided by  
20 law, shall, upon conviction for each act or omission, be  
21 punished by a fine of not more than [One thousand  
22 pesos (P1,000)] TEN THOUSAND PESOS (P10,000) or  
23 suffer imprisonment of not more than [six (6) months]  
24 TWO (2) YEARS, or both.”

25 SEC. 31. A new section is hereby inserted after Section 282 of  
26 the National Internal Revenue Code of 1997, as amended, to read as  
27 follows:

1           "SEC. 282-A. VIOLATION OF THE PROVISIONS OF  
 2           THIS CODE AMOUNTING TO ECONOMIC SABOTAGE. -  
 3           ANY VIOLATION OF SECTION 254 OF THIS CODE THAT  
 4           UNDERMINES, WEAKENS OR RENDERS INTO DISREPUTE  
 5           THE ECONOMIC SYSTEM OR VIABILITY OF THE COUNTRY  
 6           OR TENDS TO BRING OUT SUCH EFFECTS, IN LIEU OF THE  
 7           PENALTY SET IN THE PRECEDING PROVISIONS, SHALL  
 8           CONSTITUTE ECONOMIC SABOTAGE, AND, UPON  
 9           CONVICTION FOR EACH ACT OR OMISSION, BE PUNISHED  
 10          BY A FINE OF NOT LESS THAN FIFTY MILLION PESOS  
 11          (P50,000,000) AND IMPRISONMENT OF TWELVE (12)  
 12          YEARS AND ONE (1) DAY BUT NOT MORE THAN TWENTY  
 13          (20) YEARS."

14          SEC. 32. Section 288 of the National Internal Revenue Code  
 15          of 1997, as amended, is hereby amended to read as follows:

16          "SEC. 288. *Disposition of Incremental Revenue.* -

17          "(A) X X X

18          "(B) X X X

19          "(C) X X X

20          "(D) X X X

21          "(E) X X X

22          "(F) X X X

23          "(G) STUDENT VOUCHERS. - INCREMENTAL  
 24          REVENUE FROM TAX PAYMENTS OF EDUCATIONAL  
 25          INSTITUTIONS THAT FAIL TO MEET THE ESTABLISHED  
 26          PERFORMANCE CRITERIA SHALL FUND A STUDENT  
 27          VOUCHER PROGRAM TO BE IMPLEMENTED UNDER THE  
 28          COMMISSION ON HIGHER EDUCATION (CHED) OR THE  
 29          DEPARTMENT OF EDUCATION (DEPED).

1           “(H) UNIVERSAL HEALTHCARE. - INCREMENTAL  
2 REVENUE FROM TAX PAYMENTS OF HOSPITALS THAT  
3 FAIL TO MEET THE ESTABLISHED PERFORMANCE  
4 CRITERIA SHALL FUND THE UNIVERSAL HEALTHCARE  
5 PROGRAM TO BE IMPLEMENTED UNDER THE  
6 DEPARTMENT OF HEALTH (DOH).

7           “(I) HOUSING VOUCHERS. - INCREMENTAL  
8 REVENUES FROM TAX PAYMENTS OF REAL ESTATE  
9 DEVELOPERS SHALL FUND A HOUSING VOUCHER  
10 PROGRAM TO BE IMPLEMENTED UNDER THE NATIONAL  
11 HOUSING AUTHORITY.”

12           SEC. 33. Section 290 of the National Internal Revenue Code  
13 of 1997, as amended, is hereby further amended to read as follows:

14           “SEC. 290. *Congressional Oversight Committee.* -

15           “x x x

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

18           “(1) x x x;

19           “(2) x x x;

20           “(3) x x x; [and]

21           “(4) x x x[.]; AND

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

1 "x x x."

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

5 "TITLE XIII

6 "CHAPTER I

7 "GENERAL PROVISIONS ON TAX INCENTIVES

8 "SEC 291. *SCOPE AND COVERAGE.* - THIS TITLE  
9 SHALL COVER ALL EXISTING INVESTMENT PROMOTION  
10 AGENCIES (IPAS) AS DEFINED IN THIS CODE OR  
11 RELATED LAWS, AND ALL OTHER IPAS AND OTHER  
12 SIMILAR AUTHORITIES THAT MAY BE CREATED BY LAW.

13 "THE IPAS SHALL MAINTAIN THEIR FUNCTIONS  
14 AND POWERS AS PROVIDED UNDER THE SPECIAL LAWS  
15 GOVERNING THEM EXCEPT ON THE EXTENT MODIFIED  
16 BY THE PROVISIONS OF THIS CODE.

17 "SEC. 292. *GOVERNING PROVISION FOR IPAS.* -  
18 ALL IPAS VESTED WITH THE POWER TO CONFER AND  
19 ADMINISTER INCENTIVES SHALL GRANT TAX INCENTIVES  
20 PROVIDED IN THIS TITLE TO REGISTERED ENTERPRISES  
21 ONLY TO THE EXTENT OF THEIR APPROVED REGISTERED  
22 PROJECTS OR ACTIVITIES UNDER THE STRATEGIC  
23 INVESTMENT PRIORITY PLAN (SIPP). THE PERIOD OF  
24 AVAILMENT OF INCENTIVES SHALL BE RECKONED FROM  
25 THE START OF COMMERCIAL OPERATION.

26 "SALES RECEIPTS AND/OR OTHER INCOME  
27 DERIVED FROM NON-REGISTERED ACTIVITY OR  
28 PROJECT SHALL BE SUBJECT TO APPROPRIATE TAXES  
29 UNDER THIS CODE.



1 "UNLESS OTHERWISE PROVIDED IN THIS CODE,  
2 DIRECT EXPORTS ARE SUBJECT TO VALUE-ADDED TAX  
3 (VAT) ZERO-RATING AND DOMESTIC SALES ARE  
4 SUBJECT TO THE REGULAR VALUE-ADDED TAX RATE.

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

7 "(A) THE TERM 'CAPITAL EQUIPMENT' REFERS  
8 TO MACHINERY, EQUIPMENT, MAJOR COMPONENTS  
9 THEREOF, FITTINGS AND ACCOMPANIMENTS WHICH ARE  
10 DIRECTLY AND REASONABLY NEEDED IN THE  
11 REGISTERED ACTIVITY OF THE REGISTERED  
12 ENTERPRISE.

13 "(B) THE TERM 'EXPORT SALES OF GOODS' SHALL  
14 MEAN THE SALES OF AN EXPORT ENTERPRISE PAID  
15 FOR IN FREELY CONVERTIBLE FOREIGN CURRENCY  
16 INWARDLY REMITTED TO THE PHILIPPINES, FROM THE  
17 FOLLOWING:

18 "(1) THE SALE AND ACTUAL SHIPMENT OF GOODS  
19 FROM THE PHILIPPINES TO A FOREIGN COUNTRY BY  
20 AN EXPORT ENTERPRISE INCLUDING OURSOURCED  
21 SERVICES USED TO PRODUCE FINAL EXPORT GOODS;

22 "(2) SALES TO DIPLOMATIC MISSIONS AND  
23 INSTITUTIONS COVERED BY INTERNATIONAL TREATY;

24 "(3) SALES OF AN EXPORT ENTERPRISE TO  
25 AN INTERNATIONAL SEA OR AIR TRANSPORT  
26 OPERATIONS OF GOODS, EQUIPMENT, SPARE PARTS,  
27 AND SUPPLIES, EXCEPT FUEL, FORMING PART OF  
28 DIRECT COSTS AND TO BE USED IN THE AIRCRAFT OR

1 SEACRAFT, AND CAPITAL EQUIPMENT NEEDED FOR THE  
2 SHIPPING OR AIR TRANSPORT OPERATIONS.

3 "(C) THE TERM 'EXPORT SALES OF SERVICES'  
4 SHALL MEAN THE SALES OF AN EXPORT ENTERPRISE,  
5 PAID FOR IN FREELY CONVERTIBLE FOREIGN CURRENCY  
6 INWARDLY REMITTED TO THE PHILIPPINES, FOR THE  
7 FOLLOWING:

8 "(1) SERVICES RENDERED TO NON-RESIDENT  
9 FOREIGN CLIENTS BY EXPORT ENTERPRISES;

10 "(2) SERVICES RENDERED TO DIPLOMATIC  
11 MISSIONS AND INSTITUTIONS COVERED BY  
12 INTERNATIONAL TREATY;

13 "(3) SERVICES FOR THE OVERHAUL, REPAIR, AND  
14 MAINTENANCE OF INTERNATIONAL SHIPPING, OR AIR  
15 TRANSPORT OPERATIONS.

16 "(D) THE TERM 'INVESTMENT PROMOTION  
17 AGENCIES' (IPAS) SHALL REFER TO GOVERNMENT  
18 ENTITIES CREATED BY LAW, EXECUTIVE ORDER, DECREE  
19 OR OTHER ISSUANCE, IN CHARGE OF PROMOTING  
20 INVESTMENTS, ADMINISTERING TAX AND NON-TAX  
21 INCENTIVES, AND/OR OVERSEEING THE OPERATIONS  
22 FOR THE DIFFERENT ECONOMIC ZONES AND FREEPORTS  
23 IN ACCORDANCE WITH THEIR RESPECTIVE CHARTERS.  
24 THESE INCLUDE THE BOARD OF INVESTMENTS (BOI),  
25 REGIONAL BOARD OF INVESTMENTS AUTONOMOUS  
26 REGION IN MUSLIM MINDANAO (RBOI-ARMM),  
27 PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA),  
28 BASES CONVERSION AND DEVELOPMENT AUTHORITY

1 (BCDA), SUBIC BAY METROPOLITAN AUTHORITY  
2 (SBMA), CLARK DEVELOPMENT CORPORATION  
3 (CDC), JOHN HAY MANAGEMENT CORPORATION  
4 (JHMC), PORO POINT MANAGEMENT CORPORATION  
5 (PPMC), CAGAYAN ECONOMIC ZONE AUTHORITY  
6 (CEZA), ZAMBOANGA CITY SPECIAL ECONOMIC ZONE  
7 AUTHORITY (ZCSEZA), PHIVIDEC INDUSTRIAL  
8 AUTHORITY (PIA), AURORA PACIFIC ECONOMIC ZONE  
9 AND FREEPORT AUTHORITY (APECO), AUTHORITY OF  
10 THE FREEPORT AREA OF BATAAN (AFAB), TOURISM  
11 INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY  
12 (TIEZA), AND ALL OTHER SIMILAR AUTHORITIES  
13 EXISTING OR THAT MAY BE CREATED BY LAW IN THE  
14 FUTURE.

15 “(E) THE TERM ‘REGISTERED ENTERPRISE’  
16 SHALL MEAN ANY INDIVIDUAL, PARTNERSHIP,  
17 CORPORATION, PHILIPPINE BRANCH OF A FOREIGN  
18 CORPORATION, OR OTHER ENTITY ORGANIZED AND  
19 EXISTING UNDER PHILIPPINE LAWS AND REGISTERED  
20 WITH AN INVESTMENT PROMOTION AGENCY (IPA) AS  
21 DEFINED UNDER REPUBLIC ACT NO. 10708, OR THE  
22 TIMTA LAW: *PROVIDED, HOWEVER*, THAT THE TERM  
23 ‘REGISTERED ENTERPRISE’ SHALL NOT INCLUDE ANY OF  
24 THE FOLLOWING SERVICE ENTERPRISES SUCH AS, BUT  
25 NOT LIMITED TO, THOSE ENGAGED IN CUSTOMS  
26 BROKERAGE, TRUCKING OR FORWARDING SERVICES,  
27 JANITORIAL SERVICES, SECURITY SERVICES,  
28 INSURANCE, BANKING, AND OTHER FINANCIAL

1 SERVICES, CONSUMERS' COOPERATIVES, CREDIT  
2 UNIONS, CONSULTANCY SERVICES, RETAIL BUSINESS,  
3 RESTAURANTS, OR SUCH OTHER SIMILAR SERVICES, AS  
4 MAY BE DETERMINED BY THE IPA BOARD,  
5 IRRESPECTIVE OF LOCATION, WHETHER INSIDE OR  
6 OUTSIDE THE ZONES, DULY ACCREDITED AND/OR  
7 LICENSED BY ANY OF THE IPAS AND WHOSE INCOME  
8 DELIVERED WITHIN THE ECONOMIC ZONES SHALL BE  
9 SUBJECT TO TAXES UNDER THE NATIONAL INTERNAL  
10 REVENUE CODE OF 1997, AS AMENDED.

11 (F) THE TERM 'SPECIAL ECONOMIC ZONE' OR  
12 'ECOZONE' SHALL REFER TO A SELECTED AREA, WHICH  
13 SHALL BE OPERATED AND MANAGED AS A SEPARATE  
14 CUSTOMS TERRITORY THAT IS HIGHLY DEVELOPED  
15 OR HAS THE POTENTIAL TO BE DEVELOPED  
16 INTO AN AGRO-INDUSTRIAL, INDUSTRIAL, INFORMATION  
17 TECHNOLOGY, OR TOURIST/RECREATIONAL, WHOSE  
18 METES AND BOUNDS ARE FIXED OR DELIMITED BY  
19 PRESIDENTIAL PROCLAMATIONS AND WITHIN A  
20 SPECIFIC GEOGRAPHICAL AREA: *PROVIDED*, THAT FOR  
21 THE ECOZONE TO QUALIFY AS A SEPARATE CUSTOMS  
22 TERRITORY, IT SHALL HAVE A PERMANENT CUSTOMS  
23 CONTROL OR CUSTOMS OFFICE AT ITS PERIMETER. AN  
24 ECOZONE MAY CONTAIN ANY OR ALL OF THE  
25 FOLLOWING: INDUSTRIAL ESTATES (IES), EXPORT  
26 PROCESSING ZONES (EPZs), ICT PARKS AND CENTERS,  
27 AND FREE TRADE ZONES: *PROVIDED, HOWEVER*, THAT  
28 AREAS WHERE MINING EXTRACTIONS ARE UNDERTAKEN  
29 SHALL NOT BE DECLARED AS ECOZONES: *PROVIDED*,  
30 *FURTHER*, THAT VERTICAL ECONOMIC ZONES, SUCH AS

1 BUT NOT LIMITED TO, BUILDINGS, SELECTED FLOORS  
2 WITHIN BUILDINGS, AND SELECTED AREAS ON A FLOOR,  
3 SHOULD COMPLY WITH THE MINIMUM CONTIGUOUS  
4 LAND AREA AS DETERMINED BY THE FISCAL  
5 INCENTIVES REVIEW BOARD (FIRB).

6 "(G) THE TERM 'FREEPORT ZONES' REFERS TO AN  
7 ISOLATED AND POLICED AREA ADJACENT TO A PORT OF  
8 ENTRY, WHICH SHALL BE OPERATED AND MANAGED AS A  
9 SEPARATE CUSTOMS TERRITORY TO ENSURE FREE  
10 FLOW OR MOVEMENT OF GOODS, EXCEPT THOSE  
11 EXPRESSLY PROHIBITED BY LAW, WITHIN, INTO, AND  
12 EXPORTED OUT OF THE FREEPORT ZONE WHERE  
13 IMPORTED GOODS MAY BE UNLOADED FOR IMMEDIATE  
14 TRANSSHIPMENT OR STORED, REPACKED, SORTED,  
15 MIXED, OR OTHERWISE MANIPULATED WITHOUT BEING  
16 SUBJECT TO IMPORT DUTIES. HOWEVER, MOVEMENT OF  
17 THESE IMPORTED GOODS FROM THE FREE-TRADE AREA  
18 TO A NON-FREE TRADE AREA IN THE COUNTRY SHALL BE  
19 SUBJECT TO ALL APPLICABLE INTERNAL REVENUE  
20 TAXES AND DUTIES: *PROVIDED*, THAT FOR THE  
21 FREEPORT ZONE TO QUALIFY AS A SEPARATE CUSTOMS  
22 TERRITORY, IT SHALL HAVE A PERMANENT CUSTOMS  
23 CONTROL OR CUSTOMS OFFICE AT ITS PERIMETER.

24 "CHAPTER II

25 "TAX AND DUTY INCENTIVES

26 "SEC. 294. *INCENTIVES*. - REGISTERED  
27 PROJECTS OR ACTIVITIES UNDER THE STRATEGIC  
28 INVESTMENT PRIORITY PLAN SHALL BE QUALIFIED TO  
29 ANY OF THE FOLLOWING INCENTIVES:

30 "(A) INCOME TAX INCENTIVES

1           “(1) INCOME TAX HOLIDAY (ITH). - THE ITH  
2 SHALL BE GRANTED FOR A PERIOD NOT EXCEEDING  
3 THREE (3) YEARS: *PROVIDED*, THAT AFTER THE  
4 EXPIRATION OF THE ITH, THE FOLLOWING INCENTIVES  
5 MAY BE APPLIED FOR A PERIOD NOT EXCEEDING FIVE  
6 (5) YEARS, WHICH INCLUDES THE PERIOD OF ITH  
7 AVAILMENT, EXCEPT THOSE PROVIDED UNDER  
8 SECTIONS 294(7) and (9), 295, 296, AND 297.

9           “(2) REDUCED CORPORATE INCOME TAX. - A  
10 REDUCED TAX RATE OF EIGHTEEN PERCENT (18%) OF  
11 THE TAXABLE INCOME AS DEFINED UNDER SECTION 31  
12 OF THIS CODE: *PROVIDED*, THAT THE RATE OF  
13 CORPORATE INCOME TAX SHALL BE SEVENTEEN  
14 PERCENT (17%) BEGINNING JANUARY 1, 2021; SIXTEEN  
15 PERCENT (16%) BEGINNING JANUARY 1, 2023; FIFTEEN  
16 PERCENT (15%) BEGINNING JANUARY 1, 2025;  
17 FOURTEEN PERCENT (14%) BEGINNING JANUARY 1,  
18 2027; AND THIRTEEN PERCENT (13%) BEGINNING  
19 JANUARY 1, 2029: *PROVIDED, FURTHER*, THAT IN THE  
20 CASE OF REGISTERED ENTERPRISES WITHIN ECONOMIC  
21 ZONES AND FREEPORTS, THE TAX SHALL BE DIRECTLY  
22 REMITTED AS FOLLOWS:

23           “FIFTEEN PERCENT (15%) TO THE NATIONAL  
24 GOVERNMENT IN 2019 AND 2020; FOURTEEN PERCENT  
25 (14%) TO THE NATIONAL GOVERNMENT IN 2021  
26 AND 2022; THIRTEEN PERCENT (13%) TO THE NATIONAL  
27 GOVERNMENT IN 2023 AND 2024; TWELVE PERCENT  
28 (12%) TO THE NATIONAL GOVERNMENT IN 2025 AND  
29 2026; ELEVEN PERCENT (11%) TO THE NATIONAL

1 GOVERNMENT IN 2027 AND 2028; AND TEN PERCENT  
2 (10%) TO THE NATIONAL GOVERNMENT IN 2029 AND  
3 THEREAFTER;

4 "ONE POINT FIVE PERCENT (1.5%) TO THE  
5 TREASURER'S OFFICE OF THE PROVINCE WHERE THE  
6 ENTERPRISE IS LOCATED, IN LIEU OF THE LOCAL  
7 BUSINESS TAX;

8 "ONE POINT FIVE PERCENT (1.5%) TO THE  
9 TREASURER'S OFFICE OF THE MUNICIPALITY OR  
10 COMPONENT CITY WHERE THE ENTERPRISE IS LOCATED,  
11 IN LIEU OF THE LOCAL BUSINESS TAX;

12 "PROVIDED, THAT IF THE ENTERPRISE IS UNDER  
13 THE JURISDICTION OF A HIGHLY URBANIZED CITY  
14 (HUC) OR INDEPENDENT COMPONENT CITY (ICC), THE  
15 THREE PERCENT (3%) SHARE OF THE LGU SHALL BE  
16 DIRECTLY REMITTED TO THE TREASURER'S OFFICE OF  
17 THE HUC OR ICC.

18 "(3) DEPRECIATION ALLOWANCE OF THE ASSETS  
19 ACQUIRED FOR THE ENTITY'S PRODUCTION OF GOODS  
20 AND SERVICES (QUALIFIED CAPITAL EXPENDITURE) -  
21 TEN PERCENT (10%) FOR BUILDINGS; AND TWENTY  
22 PERCENT (20%) FOR MACHINERIES AND EQUIPMENT;  
23 *PROVIDED*, THAT DEPRECIATION MAY BE COMPUTED  
24 USING ACCELERATED DEPRECIATION METHOD ON A  
25 RATE NOT EXCEEDING TWICE THE RATE WHICH  
26 WOULD HAVE BEEN USED HAD THE ANNUAL ALLOWANCE  
27 BEEN COMPUTED IN ACCORDANCE WITH THE RULES  
28 AND REGULATIONS PRESCRIBED BY THE SECRETARY  
29 OF FINANCE AND THE PROVISIONS OF THE NATIONAL

1 INTERNAL REVENUE CODE OF 1997, AS AMENDED:  
2 *PROVIDED, FURTHER*, THAT THE ASSETS ARE ACQUIRED  
3 DIRECTLY FOR THE REGISTERED ENTERPRISE'S  
4 PRODUCTION OF GOODS AND SERVICES OTHER THAN  
5 ADMINISTRATIVE AND OTHER SUPPORT SERVICES.

6 "(4) UP TO FIFTY PERCENT (50%) ADDITIONAL  
7 DEDUCTION ON THE LABOR EXPENSE IN THE TAXABLE  
8 YEAR AS A CONSEQUENCE OF AN INCREASE IN  
9 DIRECT LOCAL EMPLOYMENT: *PROVIDED*, THAT THIS  
10 DOES NOT INCLUDE INDIRECT LABOR, SALARIES AND  
11 WAGES, AND OTHER PERSONNEL COSTS INCURRED FOR  
12 ADMINISTRATIVE AND OTHER SUPPORT SERVICES.

13 "(5) UP TO ONE HUNDRED PERCENT (100%)  
14 ADDITIONAL DEDUCTION ON THE INCREMENT OF  
15 RESEARCH AND DEVELOPMENT INCURRED IN THE  
16 TAXABLE YEAR: *PROVIDED*, THAT IT IS DIRECTLY  
17 RELATED TO THE REGISTERED ACTIVITY/IES OF THE  
18 ENTITY.

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



1           “(7) UP TO ONE HUNDRED PERCENT (100%)  
2 DEDUCTION ON INFRASTRUCTURE DEVELOPMENT. -  
3 REGISTERED ENTERPRISES ESTABLISHING THEIR  
4 ACTIVITY IN AN AREA THAT THE STRATEGIC  
5 INVESTMENT PRIORITY PLAN (SIPP) DESIGNATES  
6 AS NECESSARY FOR COUNTRYWIDE DEVELOPMENT  
7 OR IN AN AREA FOUND TO BE DEFICIENT IN  
8 INFRASTRUCTURE, PUBLIC UTILITIES, AND OTHER  
9 FACILITIES, SUCH AS IRRIGATION, DRAINAGE, OR  
10 OTHER SIMILAR WATERWORKS INFRASTRUCTURE  
11 MAY DEDUCT FROM THE GROSS INCOME AN AMOUNT  
12 EQUIVALENT TO UP TO ONE HUNDRED PERCENT  
13 (100%) OF NECESSARY AND MAJOR INFRASTRUCTURE  
14 WORKS IT MAY HAVE UNDERTAKEN WITH THE PRIOR  
15 APPROVAL AND RECOMMENDATION OF THE IPA  
16 CONCERNED: *PROVIDED*, THAT THE INFRASTRUCTURE  
17 SHALL BE OPEN FOR USE BY THE GENERAL PUBLIC:  
18 *PROVIDED, FURTHER*, THAT THE TITLE TO ALL SUCH  
19 INFRASTRUCTURE WORKS SHALL UPON COMPLETION,  
20 BE TRANSFERRED TO THE PHILIPPINE GOVERNMENT:  
21 *PROVIDED, FINALLY*, THAT ANY AMOUNT NOT  
22 DEDUCTED FOR A PARTICULAR YEAR MAY BE CARRIED  
23 OVER FOR DEDUCTION FOR SUBSEQUENT YEARS NOT  
24 EXCEEDING FIVE (5) YEARS FROM COMMERCIAL  
25 OPERATION.

26           “(8) DEDUCTION FOR REINVESTMENT ALLOWANCE  
27 TO MANUFACTURING INDUSTRY. - WHEN A  
28 MANUFACTURING REGISTERED ENTERPRISE REINVESTS  
29 ITS UNDISTRIBUTED PROFIT OR SURPLUS IN ANY OF THE  
30 ACTIVITIES LISTED IN THE SIPP, THE AMOUNT SO

1 REINVESTED TO A MAXIMUM OF FIFTY PERCENT (50%)  
2 SHALL BE ALLOWED AS A DEDUCTION FROM ITS  
3 TAXABLE INCOME WITHIN A PERIOD OF FIVE (5)  
4 YEARS FROM THE TIME OF SUCH REINVESTMENT:  
5 *PROVIDED*, THAT PRIOR APPROVAL AND  
6 RECOMMENDATION BY THE IPA CONCERNED OF SUCH  
7 REINVESTMENT WAS OBTAINED BY THE REGISTERED  
8 ENTERPRISE PLANNING SUCH REINVESTMENT.

9 "(9) ENHANCED NET OPERATING LOSS  
10 CARRY-OVER (NOLCO). - THE NET OPERATING LOSS  
11 OF THE REGISTERED ACTIVITY DURING THE FIRST  
12 THREE (3) YEARS FROM THE START OF COMMERCIAL  
13 OPERATION WHICH HAD NOT BEEN PREVIOUSLY OFFSET  
14 AS DEDUCTION FROM GROSS INCOME MAY BE CARRIED  
15 OVER AS DEDUCTION FROM GROSS INCOME WITHIN  
16 THE NEXT FIVE (5) CONSECUTIVE TAXABLE YEARS  
17 IMMEDIATELY FOLLOWING THE YEAR OF SUCH LOSS.

18 "(10) UP TO FIFTY PERCENT (50%) ADDITIONAL  
19 DEDUCTION ON THE INCREMENT OF THE DOMESTIC  
20 INPUT EXPENSE INCURRED IN THE TAXABLE YEAR:  
21 *PROVIDED*, THAT IT IS DIRECTLY RELATED TO AND  
22 ACTUALLY USED IN THE REGISTERED EXPORT ACTIVITY  
23 OF THE REGISTERED ENTITY.

24 "*PROVIDED*, THAT IN LIEU OF THE ITH UNDER  
25 SECTION 294(A)(1) OR THE REDUCED TAX RATE OF  
26 EIGHTEEN PERCENT (18%) UNDER SECTION 294(A)(2),  
27 THE TAX INCENTIVES UNDER SECTION 294(A)(3), (4),  
28 (5), (6), (7), (8), (9), AND (10) MAY BE GRANTED ON AN  
29 INDUSTRY-SPECIFIC BASIS AS DETERMINED BY THE BOI  
30 IN THE STRATEGIC INVESTMENT PRIORITY PLAN. THE

1 BOI SHALL PRESCRIBED THE LEVEL OF ADDITIONAL  
2 DEDUCTION FOR SELECTED INDUSTRIES.

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

8 "(B) EXEMPTION FROM CUSTOMS DUTY ON  
9 IMPORTATION OF CAPITAL EQUIPMENT AND RAW  
10 MATERIALS DIRECTLY AND EXCLUSIVELY USED IN THE  
11 REGISTERED ACTIVITY BY REGISTERED ENTERPRISES:  
12 PROVIDED, THAT THE FIVE (5) YEARS LIMIT IN THIS  
13 SUBSECTION SHALL NOT APPLY TO FREEPORT ZONES AS  
14 DEFINED UNDER THIS TITLE.

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

19 "(1) THE ACTIVITY IS STILL COVERED BY THE  
20 STRATEGIC INVESTMENT PRIORITY PLAN (SIPP) OR IS  
21 AN INNOVATION PROJECT AS DEFINED IN THE  
22 STRATEGIC INVESTMENT PRIORITY PLAN;

23 "(2) CUSTOMS DUTY EXEMPTION WILL ONLY  
24 APPLY ON THE INCREMENTAL PORTION OF THE  
25 ACTIVITY; AND

26 "(3) THE CUSTOMS DUTY EXEMPTION EXTENSION  
27 SHALL NOT EXCEED FIVE (5) YEARS.

28 "(C) VALUE-ADDED TAX (VAT)

1           “(1) REGISTERED ENTERPRISES WHOSE EXPORT  
2 SALES MEET THE NINETY PERCENT (90%) THRESHOLD  
3 AND ARE LOCATED WITHIN AN ECOZONE, FREEPORT, OR  
4 THOSE UTILIZING CUSTOMS BONDED MANUFACTURING  
5 WAREHOUSE: VAT EXEMPTION ON IMPORTATION AND  
6 VAT ZERO-RATING ON DOMESTIC PURCHASES OF  
7 CAPITAL EQUIPMENT AND RAW MATERIALS USED IN THE  
8 MANUFACTURING AND PROCESSING OF PRODUCTS AND  
9 IMPORTATION OF SOURCE DOCUMENTS SHALL APPLY.

10           “(2) REGISTERED ENTERPRISES WHOSE EXPORT  
11 SALES ARE BELOW THE NINETY PERCENT (90%)  
12 THRESHOLD AND ARE LOCATED WITHIN AN ECOZONE,  
13 FREEPORT, OR THOSE UTILIZING CUSTOMS BONDED  
14 MANUFACTURING WAREHOUSE: VAT EXEMPTION ON  
15 IMPORTATION AND VAT ZERO-RATING ON DOMESTIC  
16 PURCHASES OF CAPITAL EQUIPMENT AND RAW  
17 MATERIALS USED IN THE MANUFACTURING AND  
18 PROCESSING OF PRODUCTS AND IMPORTATION OF  
19 SOURCE DOCUMENTS: *PROVIDED*, THAT THEY COMPLY  
20 WITH THE ELECTRONIC RECEIPTS OR INVOICING UNDER  
21 SECTIONS 237 AND 237-A OF THIS CODE.

22           “(3) REGISTERED ENTERPRISES WHOSE EXPORT  
23 SALES ARE BELOW NINETY PERCENT (90%) OR ARE  
24 LOCATED OUTSIDE AN ECOZONE OR FREEPORT  
25 REGARDLESS OF EXPORT SALES THRESHOLD: THE  
26 VALUE-ADDED TAX PROVISION IN TITLE IV OF THIS  
27 CODE AND SECTION 307 OF THIS ACT SHALL APPLY.

28           “FOR THIS PURPOSE, ‘PROCESSING’ SHALL REFER  
29 TO THE CONVERSION OF RAW MATERIALS INTO  
30 MARKETABLE FORM THROUGH PHYSICAL, MECHANICAL,

1 CHEMICAL, ELECTRICAL, BIOCHEMICAL, BIOLOGICAL,  
2 OR OTHER MEANS, OR BY A SPECIAL TREATMENT OR A  
3 SERIES OF ACTIONS, SUCH AS SLAUGHTERING, MILLING,  
4 PASTEURIZING, DRYING, OR DESICCATING, QUICK  
5 FREEZING, THAT RESULTS IN A CHANGE IN THE NATURE  
6 OR STATE OF A PRODUCT. MERE PACKING OR  
7 PACKAGING SHALL NOT CONSTITUTE PROCESSING.

8 "SOURCE DOCUMENTS" REFER TO INPUT  
9 MATERIALS AND DOCUMENTS REASONABLY NEEDED BY  
10 I.T. AND I.T.-ENABLED INDUSTRIES SUCH AS, BUT NOT  
11 LIMITED TO, BOOKS, DIRECTORIES, MAGAZINES,  
12 NEWSPAPERS, BROCHURES, PAMPHLETS, MEDICAL  
13 RECORDS/FILES, LEGAL RECORDS/FILES, INSTRUCTION  
14 MATERIALS, AND DRAWINGS/BLEUPRINTS/OUTLINES.

15 "SEC. 295. *INCENTIVES FOR AGRIBUSINESS.* -  
16 AGRIBUSINESS PROJECTS OR ACTIVITIES OF  
17 REGISTERED ENTERPRISES LOCATED OUTSIDE METRO  
18 MANILA AND OTHER URBAN AREAS AS IDENTIFIED IN  
19 THE STRATEGIC INVESTMENT PRIORITY PLAN SHALL BE  
20 ENTITLED TO ADDITIONAL TWO (2) YEARS OF INCENTIVE  
21 UNDER SECTION 294, OF WHICH ONE (1) YEAR MAY BE  
22 AN ADDITIONAL YEAR OF INCOME TAX HOLIDAY.

23 "SEC. 296. *PROJECTS OR ACTIVITIES LOCATED*  
24 *IN LESS DEVELOPED AREAS OR THOSE RECOVERING*  
25 *FROM ARMED CONFLICT OR A MAJOR DISASTER.* -  
26 PROJECTS OR ACTIVITIES OF REGISTERED  
27 ENTERPRISES LOCATING IN LESS DEVELOPED  
28 AREAS AS IDENTIFIED IN THE STRATEGIC INVESTMENT

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

7 "SEC. 297. *RELOCATION PROJECTS OR*  
8 *ACTIVITIES.* - PRIOR TO THE EFFECTIVITY OF THIS  
9 ACT, REGISTERED PROJECTS OR ACTIVITIES  
10 RELOCATING FROM METRO MANILA AND SELECTED  
11 URBANIZED AREAS ADJACENT TO METRO MANILA  
12 TO OTHER AREAS OF THE COUNTRY SHALL BE  
13 ENTITLED TO ADDITIONAL TWO (2) YEARS OF INCENTIVE  
14 UNDER SECTION 294, OF WHICH ONE (1) YEAR MAY BE  
15 AN ADDITIONAL YEAR OF INCOME TAX HOLIDAY.

16 "CHAPTER III

17 "THE FISCAL INCENTIVES REVIEW BOARD

18 "SEC. 298. *EXPANDED FUNCTIONS OF THE*  
19 *FISCAL INCENTIVES REVIEW BOARD.* - THE  
20 FUNCTIONS AND POWERS OF THE FISCAL INCENTIVES  
21 REVIEW BOARD OR FIRB CREATED UNDER  
22 PRESIDENTIAL DECREE (PD) NO. 776, AS AMENDED  
23 BY PD NO. 1931 AND PD NO. 1955, OFFICE OF THE  
24 PRESIDENT MEMORANDUM ORDER NO. 23, SERIES OF  
25 1986 AND EXECUTIVE ORDER NO. 93, SERIES OF 1986,  
26 SHALL BE EXPANDED AS FOLLOWS:

27 "(A) TO EXERCISE OVERSIGHT FUNCTIONS OVER  
28 IPAS.

1           “(B) TO REQUIRE THE IPAS TO SUBMIT THE  
2 FOLLOWING:

3           “(1) LIST OF REGISTERED ENTERPRISES  
4 ANNUALLY WITH CORRESPONDING FIRM-LEVEL DATA AS  
5 MANDATED UNDER THE TAX INCENTIVES MANAGEMENT  
6 AND TRANSPARENCY ACT OR TIMTA LAW;

7           “(2) APPROVED AMOUNT OF INVESTMENTS AND  
8 EMPLOYMENT GENERATION AND OTHER BENEFITS ON A  
9 FIRM-LEVEL BASIS ANNUALLY; AND

10          “(3) APPROVED AMOUNT OF TAX INCENTIVES,  
11 BOTH INCOME AND NON-INCOME TAX BASED  
12 INCENTIVES, ON A FIRM-LEVEL BASIS ANNUALLY.

13          “(C) FOR PROJECTS OR ACTIVITIES THAT POSE  
14 RISK TO THE ENVIRONMENT, HEALTH, AND ECONOMIC  
15 STABILITY AND PROJECTS OR ACTIVITIES THE  
16 APPROVAL OF WHICH ENCOUNTERS A DEADLOCK IN THE  
17 IPAS BOARD, THE FIRB:

18          “(1) SHALL FORMULATE POLICIES ON TAX  
19 INCENTIVES IN ACCORDANCE WITH THE PROVISIONS OF  
20 THIS CODE;

21          “(2) SHALL REVIEW IPAS’ COMPLIANCE WITH  
22 THE POLICIES SET FORTH IN THIS CODE: *PROVIDED*,  
23 THAT THE FIRB MAY CANCEL OR SUSPEND THE POWER  
24 OF IPAS TO GRANT INCENTIVES FOR VIOLATIONS OF  
25 SUCH POLICIES;

26          “(3) SHALL APPROVE THE GRANT OF INCENTIVES  
27 ON THE ABOVE INSTANCES; AND

28          “(4) ON THE ABOVE INSTANCES MAY SUSPEND OR  
29 CANCEL THE TAX INCENTIVES GRANTED TO REGISTERED

1 ENTERPRISES WHICH ARE NOT COMPLIANT WITH THE  
2 CONDITIONS ON THE AVAILMENT OF TAX INCENTIVES AS  
3 WELL AS THE POLICIES SET FORTH BY THE IPAS.

4 "(D) TO PUBLISH THE NAMES OF THE  
5 REGISTERED ENTERPRISES OR BENEFICIARIES OF TAX  
6 INCENTIVES WITH APPROVED ESTIMATED AMOUNT OF  
7 THE CORRESPONDING TAX INCENTIVES.

8 "(E) TO GRANT TAX SUBSIDIES TO GOVERNMENT  
9 -OWNED AND/OR -CONTROLLED CORPORATIONS  
10 (GOCCs), GOVERNMENT INSTRUMENTALITIES (GIs),  
11 GOVERNMENT COMMISSARIES, AND STATE UNIVERSITIES  
12 AND COLLEGES (SUCs) AS MAY BE PROVIDED UNDER  
13 THE ANNUAL GENERAL APPROPRIATIONS ACT.

14 "*PROVIDED, THAT, AS CHAIR OF THE FIRB*  
15 *AND AS THE CUSTODIAN OF FISCAL PRUDENCE*  
16 *AND RESPONSIBILITY, THE SECRETARY OF FINANCE*  
17 *SHALL EXERCISE OVERSIGHT FUNCTIONS AND SHALL*  
18 *HAVE VETO POWER OVER THE APPROVAL AND*  
19 *CANCELLATION OF TAX INCENTIVES UNDER SECTION*  
20 *298 (C).*

21 "*PROVIDED, FURTHER, THAT THE SECRETARY OF*  
22 *FINANCE SHALL AUTOMATICALLY BE THE CO-CHAIR OF*  
23 *ALL THE EXISTING AND FUTURE IPAS.*

24 "*PROVIDED, FINALLY, THAT THE NATIONAL*  
25 *ECONOMIC AND DEVELOPMENT AUTHORITY (NEDA)*  
26 *AND THE DEPARTMENT OF TRADE AND INDUSTRY (DTI)*  
27 *SHALL BE MEMBERS OF ALL THE EXISTING AND FUTURE*  
28 *IPAS.*







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

4           “(2) THE ACTIVITY SHALL TAKE INTO ACCOUNT  
5           ANY OF THE FOLLOWING:

6           “(i) SUBSTANTIAL AMOUNT OF INVESTMENTS;

7           “(ii) CONSIDERABLE       GENERATION       OF  
8           EMPLOYMENT;

9           “(iii) ADOPT INCLUSIVE BUSINESS ACTIVITIES  
10          AND VALUE-ADDING PRODUCTION BY MSMEs;

11          “(iv) USE OF MODERN OR NEW TECHNOLOGY;

12          “(v) ADOPTION OF ADEQUATE ENVIRONMENTAL  
13          PROTECTION SYSTEMS;

14          “(vi) ADDRESS MISSING GAPS IN THE  
15          SUPPLY/VALUE CHAIN OR MOVE UP THE VALUE CHAIN  
16          OR PRODUCT LADDER; OR

17          “(vii) PROMOTION       OF       MARKET  
18          COMPETITIVENESS.

19          “(B) IDENTIFY AGRIBUSINESS ACTIVITIES, THE  
20          LESS DEVELOPED AREAS OR THOSE RECOVERING FROM  
21          ARMED CONFLICT OR A MAJOR DISASTER.

22          “(C) DETERMINE SERVICES AND ACTIVITIES  
23          THAT CAN SPUR REGIONAL OR GLOBAL OPERATIONS IN  
24          THE COUNTRY.

25          “(D) INCLUDE EXISTING REGISTERED PROJECTS  
26          OR ACTIVITIES THAT SHALL RELOCATE FROM METRO  
27          MANILA TO OTHER AREAS OF THE COUNTRY.

1           "THE ACTIVITIES MUST COMPLY WITH THE  
2 SPECIFIC QUALIFICATION REQUIREMENTS OR  
3 CONDITIONS FOR A PARTICULAR SECTOR OR INDUSTRY  
4 AND OTHER LIMITATIONS AS SET AND DETERMINED BY  
5 THE BOI.

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

11           "SEC. 301. *POWER OF THE PRESIDENT TO*  
12 *GRANT INCENTIVES.* - THE PRESIDENT MAY, IN THE  
13 INTEREST OF NATIONAL ECONOMIC DEVELOPMENT AND  
14 UPON THE RECOMMENDATION OF THE FISCAL  
15 INCENTIVES REVIEW BOARD, GRANT INCENTIVES IN  
16 ADDITION TO THOSE THAT ARE PROVIDED UNDER THIS  
17 CODE, INCLUDING A LONGER PERIOD, TO HIGHLY  
18 DESIRABLE PROJECTS: *PROVIDED*, THAT THE BENEFITS  
19 THAT THE GOVERNMENT MAY DERIVE FROM SUCH  
20 INVESTMENT THERETO IS CLEAR AND CONVINCING AND  
21 FAR OUTWEIGH THE COST OF INCENTIVES THAT WILL BE  
22 GRANTED."

23           "SEC. 301-A. *CRITERIA FOR AVAILMENT.* - THE  
24 BOARD OF INVESTMENTS SHALL CONSIDER THE  
25 FOLLOWING CRITERIA IN DETERMINING THE TYPES OF  
26 INCENTIVES AND THE DURATION THEREOF THAT MAY BE  
27 GRANTED:

28           "(A) THE PROJECT HAS A COMPREHENSIVE  
29 SUSTAINABLE DEVELOPMENT PLAN WITH CLEAR

1 INCLUSIVE BUSINESS APPROACHES AND INNOVATIONS;  
2 OR

3 "(B) MINIMUM INVESTMENT OF TWO HUNDRED  
4 MILLION US DOLLARS (US\$200,000,000) OR A  
5 MINIMUM DIRECT EMPLOYMENT GENERATION OF AT  
6 LEAST ONE THOUSAND FIVE HUNDRED (1,500) WITHIN  
7 THREE (3) YEARS FROM THE START OF COMMERCIAL  
8 OPERATION.

9 "THE THRESHOLD SHALL BE SUBJECT TO A  
10 PERIODIC REVIEW EVERY THREE (3) YEARS TAKING  
11 INTO CONSIDERATION INTERNATIONAL STANDARDS AND  
12 OTHER INDICATORS.

13 "THE BOI MAY IMPOSE OTHER TERMS AND  
14 CONDITIONS TAKING INTO CONSIDERATION THE  
15 AMOUNT OR KIND OF INCENTIVES THAT WILL BE  
16 GRANTED TO SUCH INVESTMENTS."

17 "SEC. 301-B. *USE OF RESOURCES.* - IN THE  
18 EXERCISE OF THE POWER OF THE PRESIDENT TO  
19 GRANT INCENTIVES, THE GOVERNMENT MAY UTILIZE  
20 ITS RESOURCES SUCH AS LAND USE, WATER  
21 APPROPRIATION, POWER PROVISION, AMONG OTHERS,  
22 AS MAY BE IDENTIFIED BY THE BOI."

23 "SEC. 302. *AMENDMENTS.* - SUBJECT TO  
24 PUBLICATION REQUIREMENTS AND THE CRITERIA FOR  
25 INVESTMENT PRIORITY DETERMINATION, THE BOI MAY,  
26 AT ANY TIME, INCLUDE ADDITIONAL AREAS IN THE  
27 SIPP, ALTER ANY OF THE TERMS OF THE DECLARATION  
28 OF AN INVESTMENT AREA, AND TEMPORARILY OR  
29 PERMANENTLY SUSPEND ACTIVITIES ON THE SIPP IF IT

1       CONSIDERS THAT SUCH ACTIVITY IS NO LONGER A  
2       PRIORITY. IN NO CASE SHALL THE IPAS ACCEPT  
3       APPLICATIONS UNLESS THE ACTIVITY IS LISTED IN THE  
4       SIPP."

5       "SEC. 303. *PUBLICATION.* - UPON APPROVAL  
6       OF THE PLAN, IN WHOLE OR IN PART, OR UPON  
7       APPROVAL OF AN AMENDMENT THEREOF, THE PLAN OR  
8       THE AMENDMENT, SPECIFYING AND DECLARING THE  
9       AREAS OF INVESTMENTS SHALL BE PUBLISHED IN AT  
10      LEAST ONE (1) NEWSPAPER OF GENERAL CIRCULATION  
11      OR THE *OFFICIAL GAZETTE* AND ALL SUCH AREAS  
12      SHALL BE OPEN FOR APPLICATION UNTIL PUBLICATION  
13      OF AN AMENDMENT OR DELETION THEREOF."

14      "SEC. 304. *QUALIFICATIONS OF A REGISTERED*  
15      *ENTERPRISE FOR TAX INCENTIVES.* - IN THE REVIEW  
16      AND GRANT OF TAX INCENTIVES, A REGISTERED  
17      ENTERPRISE MUST:

18      "(A) BE *ENGAGED* IN AN ACTIVITY INCLUDED IN  
19      THE SIPP;

20      "(B) INSTALL AN ADEQUATE ACCOUNTING  
21      SYSTEM THAT SHALL IDENTIFY THE INVESTMENTS,  
22      REVENUES, COSTS AND PROFITS OR LOSSES OF EACH  
23      REGISTERED PROJECT UNDERTAKEN BY THE  
24      ENTERPRISE SEPARATELY FROM THE AGGREGATE  
25      INVESTMENTS, REVENUES, COSTS AND PROFITS OR  
26      LOSSES OF THE WHOLE ENTERPRISE; OR ESTABLISH A  
27      SEPARATE CORPORATION FOR EACH REGISTERED  
28      PROJECT IF THE IPA SHOULD SO REQUIRE;

1           “(C) COMPLY WITH THE E-INVOICE AND E-SALES  
2 REQUIREMENT IN ACCORDANCE WITH SECTION 237-A  
3 OF THIS CODE.”

4                           “CHAPTER V

5                           “AVAILMENT OF TAX INCENTIVES

6           “SEC. 305. *INCOME TAX-BASED INCENTIVES.* -  
7 ALL REGISTERED ENTERPRISES ARE REQUIRED TO  
8 FILE ALL THEIR TAX RETURNS USING THE  
9 ELECTRONIC/ONLINE FACILITIES OF THE BUREAU OF  
10 INTERNAL REVENUE (BIR). IN AVAILING THE INCOME  
11 TAX-BASED INCENTIVES, THE REGISTERED ENTERPRISE  
12 SHALL BE REQUIRED TO SECURE A CERTIFICATE OF  
13 ENTITLEMENT ISSUED BY THE IPA AND ATTACH  
14 THE SAME TO ITS INCOME TAX RETURN (ITR) OR  
15 ANNUAL INFORMATION RETURN (AIR), WHICHEVER  
16 IS APPLICABLE. THEREAFTER, THE REGISTERED  
17 ENTERPRISE SHALL FILE ITS CLAIM WITH THE BIR FOR  
18 VALIDATION.

19           “FAILURE TO SECURE AND ATTACH THE  
20 CERTIFICATION TO THE ITR OR AIR, AND/OR FILE THE  
21 INCENTIVE AVAILMENT APPLICATION SHALL CAUSE THE  
22 FORFEITURE OF THE INCENTIVE FOR THAT TAXABLE  
23 PERIOD.”

24           “SEC. 306. *CUSTOMS DUTY EXEMPTION ON*  
25 *CAPITAL EQUIPMENT.* - IMPORTATION OF CAPITAL  
26 EQUIPMENT, MACHINERY AND SPARE PARTS  
27 EXCLUSIVELY USED FOR CAPITAL EQUIPMENT AND  
28 MACHINERY INCLUDING CONSIGNMENT THEREOF BY  
29 REGISTERED ENTERPRISES MAY BE EXEMPTED TO THE

1 EXTENT OF ONE HUNDRED PERCENT (100%) OF THE  
2 CUSTOMS DUTY: *PROVIDED*, THAT THE FOLLOWING  
3 CONDITIONS ARE COMPLIED WITH:

4       “(A) THE CAPITAL EQUIPMENT AND/OR SPARE  
5 PARTS ARE DIRECTLY AND REASONABLY NEEDED AND  
6 WILL BE USED EXCLUSIVELY IN AND AS PART OF  
7 THE DIRECT COST OF THE REGISTERED ACTIVITY OF  
8 THE REGISTERED ENTERPRISE, AND ARE NOT  
9 MANUFACTURED DOMESTICALLY IN SUFFICIENT  
10 QUANTITY, OF COMPARABLE QUALITY AND AT  
11 REASONABLE PRICES. PRIOR APPROVAL OF THE IPA  
12 MAY BE SECURED FOR THE PART-TIME UTILIZATION OF  
13 SAID EQUIPMENT IN A NON-REGISTERED ACTIVITY TO  
14 MAXIMIZE USAGE THEREOF: *PROVIDED*, THAT THE  
15 PROPORTIONATE TAXES AND DUTIES ARE PAID ON A  
16 SPECIFIC EQUIPMENT AND MACHINERY IN PROPORTION  
17 TO ITS UTILIZATION FOR NON-REGISTERED ACTIVITIES.  
18 IN THE EVENT THAT IT SHALL BE USED FOR A  
19 NON-REGISTERED ACTIVITY OF THE REGISTERED  
20 ENTERPRISE AT ANY TIME WITHIN THE FIRST FIVE (5)  
21 YEARS FROM DATE OF IMPORTATION, THE REGISTERED  
22 ENTERPRISE SHALL FIRST SEEK PRIOR APPROVAL OF  
23 THE AUTHORITY, AND PAY THE TAXES AND CUSTOMS  
24 DUTIES THAT WERE NOT PAID UPON ITS IMPORTATION;  
25 AND

26       “(B) THE APPROVAL OF THE IPA WAS OBTAINED  
27 BY THE REGISTERED ENTERPRISE PRIOR TO THE  
28 IMPORTATION OF SUCH CAPITAL EQUIPMENT AND/OR  
29 SPARE PARTS.



1 "APPROVAL OF THE IPA MUST BE SECURED  
2 BEFORE THE SALE, TRANSFER OR DISPOSITION OF THE  
3 CAPITAL EQUIPMENT AND/OR SPARE PARTS WHICH  
4 WERE GRANTED TAX AND CUSTOMS DUTY EXEMPTION  
5 HEREUNDER, AND SHALL BE ALLOWED ONLY UNDER THE  
6 FOLLOWING CIRCUMSTANCES:

7 "(1) IF MADE TO ANOTHER ENTERPRISE  
8 ENJOYING CUSTOMS DUTY EXEMPTION ON IMPORTED  
9 CAPITAL EQUIPMENT AND/OR SPARE PARTS;

10 "(2) IF MADE TO ANOTHER ENTERPRISE NOT DUTY  
11 EXEMPTION ON IMPORTED CAPITAL EQUIPMENT AND/OR  
12 SPARE PARTS, UPON PAYMENT OF ANY TAXES AND  
13 DUTIES DUE ON THE NET BOOK VALUE OF THE CAPITAL  
14 EQUIPMENT AND/OR SPARE PARTS TO BE SOLD;

15 "(3) EXPORTATION OF CAPITAL EQUIPMENT,  
16 MACHINERY, SPARE PARTS OR SOURCE DOCUMENTS, OR  
17 THOSE REQUIRED FOR POLLUTION ABATEMENT AND  
18 CONTROL; OR

19 "(4) FOR REASONS OF PROVEN TECHNICAL  
20 OBSOLESCENCE.

21 "*PROVIDED*, THAT IF THE REGISTERED  
22 ENTERPRISE SELLS, TRANSFERS OR DISPOSES THE  
23 AFOREMENTIONED IMPORTED ITEMS WITHOUT PRIOR  
24 APPROVAL, THE REGISTERED ENTERPRISE AND THE  
25 VENDEE, TRANSFEREE, OR ASSIGNEE SHALL BE  
26 SOLIDARILY LIABLE TO PAY TWICE THE AMOUNT OF THE  
27 DUTY EXEMPTION THAT SHOULD HAVE BEEN PAID  
28 DURING ITS IMPORTATION; *PROVIDED, FURTHER*, THAT  
29 EVEN IF THE SALE, TRANSFER OR DISPOSITION OF THE

1 CAPITAL EQUIPMENT WAS MADE AFTER FIVE (5) YEARS  
2 FROM DATE OF IMPORTATION WITH THE APPROVAL OF  
3 THE IPA, THE REGISTERED ENTERPRISE IS STILL  
4 LIABLE TO PAY THE DUTIES BASED ON THE NET BOOK  
5 VALUE OF THE CAPITAL EQUIPMENT IF IT HAS VIOLATED  
6 ANY OF ITS REGISTRATION TERMS AND CONDITIONS."

7 "SEC. 307. *VAT REFUND MECHANISM ON*  
8 *IMPORTATION OF CAPITAL EQUIPMENT AND RAW*  
9 *MATERIALS.* - THE VAT ON IMPORTATION OF CAPITAL  
10 EQUIPMENT AND RAW MATERIALS PAID BY EXPORT  
11 REGISTERED ENTERPRISES THAT DID NOT MEET THE  
12 NINETY PERCENT (90%) EXPORT SALES THRESHOLD OR  
13 ARE LOCATED OUTSIDE THE ECOZONE, FREEPORT, OR  
14 THOSE UTILIZING THE CUSTOMS BONDED  
15 MANUFACTURING WAREHOUSE REGARDLESS OF THE  
16 THRESHOLD SHALL BE REFUNDED PURSUANT TO THE  
17 ENHANCED VAT REFUND SYSTEM UNDER SECTIONS 106  
18 AND 108 OF THIS CODE."

19 "CHAPTER VI

20 "FINAL PROVISIONS

21 "SEC. 308. *NO DOUBLE REGISTRATION OF*  
22 *ENTERPRISES.* - REGISTERED ENTERPRISES SHALL NOT  
23 BE ALLOWED TO REGISTER THEIR ACTIVITIES IN MORE  
24 THAN ONE (1) IPA."

25 "SEC. 309. *GOVERNANCE RULES.* - THE  
26 DIFFERENT IPAS MAY REQUIRE DOMESTIC REGISTERED  
27 ENTERPRISES TO LIST THEIR SHARES OF STOCK IN ANY  
28 ACCREDITED STOCK EXCHANGE OR DIRECTLY OFFER A  
29 PORTION OF THEIR CAPITAL STOCK TO THE PUBLIC

1 AND/OR THEIR EMPLOYEES WITHIN FIVE (5) YEARS  
2 FROM DATE OF REGISTRATION."

3 "SEC. 310. *INVESTMENTS PRIOR TO THE*  
4 *EFFECTIVITY OF THIS ACT.* - EXISTING REGISTERED  
5 ACTIVITIES GRANTED THE INCOME TAX HOLIDAY SHALL  
6 BE ALLOWED TO CONTINUE WITH THE AVAILMENT OF  
7 THE SAID INCENTIVE FOR THE REMAINING PERIOD OF  
8 THE ITH OR FOR A PERIOD OF FIVE (5) YEARS ONLY,  
9 WHICHEVER COMES FIRST: *PROVIDED*, THAT OTHER TAX  
10 INCENTIVES GRANTED TO EXISTING REGISTERED  
11 ACTIVITIES, SUCH AS THE FIVE PERCENT (5%) TAX ON  
12 GROSS INCOME EARNED IN LIEU OF ALL TAXES, BOTH  
13 NATIONAL AND LOCAL, SHALL BE ALLOWED TO  
14 CONTINUE FOLLOWING THE SCHEDULE STATED HEREIN:

15 "(A) TWO (2) YEARS FOR ACTIVITIES ENJOYING  
16 THE TAX INCENTIVE FOR MORE THAN TEN (10) YEARS;

17 "(B) THREE (3) YEARS FOR ACTIVITIES ENJOYING  
18 THE TAX INCENTIVE BETWEEN FIVE (5) AND TEN (10)  
19 YEARS;

20 "(C) FIVE (5) YEARS FOR ACTIVITIES ENJOYING  
21 THE TAX INCENTIVE BELOW FIVE (5) YEARS.

22 "*PROVIDED*, THAT THE FIVE PERCENT (5%) TAX  
23 ON GROSS INCOME EARNED SHALL COMMENCE AFTER  
24 THE ITH PERIOD HAS LAPSED ONLY FOR THE  
25 REMAINING YEARS WITHIN THE FIVE (5)-YEAR PERIOD."

26 "SEC. 311. *SUSPENSION AND FORFEITURE OF*  
27 *TAX INCENTIVES OF REGISTERED ENTERPRISES,*  
28 *REFUND AND PENALTIES; WAIVER AND CONDONATION.*  
29 - THE IPA MAY IMPOSE FINES AND PENALTIES,

1 SUSPEND AND/OR FORFEIT THE INCENTIVES GRANTED  
2 TO THE REGISTERED ENTERPRISES WHENEVER THERE  
3 ARE VIOLATIONS OF THE REGISTRATION TERMS AND  
4 CONDITIONS BY THE LATTER, WITHOUT PREJUDICE TO  
5 THE CANCELLATION OF THE REGISTRATION OF SAID  
6 ENTERPRISE.

7 "WHEN THERE IS PROBABLE CAUSE TO BELIEVE  
8 THAT THE REGISTERED ENTERPRISE HAS VIOLATED ITS  
9 REGISTRATION TERMS AND CONDITIONS, THE IPA  
10 SHALL SUSPEND THE AVAILMENT OF INCENTIVES UNTIL  
11 PROVEN OTHERWISE: *PROVIDED*, THAT FOR PROJECTS  
12 UNDER SECTION 298(C), THE CONCERNED IPA SHALL  
13 RECOMMEND TO THE FIRB THE SUSPENSION OF ITS  
14 AVAILMENT OF INCENTIVES.

15 "IN CASE OF CANCELLATION OF THE CERTIFICATE  
16 OF REGISTRATION, THE CONCERNED IPA MAY, IN  
17 APPROPRIATE CASES, REQUIRE THE PAYMENT OF  
18 TAXES, CUSTOMS DUTIES AND ANY APPLICABLE  
19 PENALTIES THEREON TO THE APPROPRIATE AGENCY,  
20 AND IMPOSE ADDITIONAL FINES AND PENALTIES.

21 "FOR THIS PURPOSE, THE IPAS SHALL PREPARE  
22 A SCHEDULE OF FEES, FINES AND PENALTIES TO BE  
23 IMPOSED ON ERRING REGISTERED ENTERPRISES  
24 DEPENDING ON THE GRAVITY OF THE VIOLATION  
25 INCURRED IN ADDITION TO THE FINES AND PENALTIES  
26 IMPOSABLE UNDER THIS CODE.

27 "IN MERITORIOUS CASES, THE IPA MAY WAIVE,  
28 CONDONE OR REDUCE FINES OR PENALTIES IMPOSED ON  
29 REGISTERED ENTERPRISES BY THE IPAS: *PROVIDED*,  
30 THAT THE MINIMUM COMPROMISE RATE, IN CASE OF

1 REDUCTION, SHALL NOT BE LESS THAN FORTY PERCENT  
2 (40%) OF THE BASIC ASSESSED FINES OR PENALTIES.”

3 “SEC. 312. *STRUCTURAL ADJUSTMENT FUND.* –

4 THE FOLLOWING AMOUNTS SHALL BE APPROPRIATED  
5 TO COMPENSATE WORKERS THAT MAY BE DISPLACED BY  
6 THE RATIONALIZATION OF FISCAL INCENTIVES TO  
7 IMPROVE EMPLOYABILITY OF WORKERS:

8 “(1) THE AMOUNT OF FIVE HUNDRED MILLION  
9 PESOS (P500,000,000) SHALL BE APPROPRIATED  
10 ANNUALLY, IN ADDITION TO ANY ADJUSTMENT FUND  
11 APPROPRIATED UNDER THE BUDGET OF THE  
12 DEPARTMENT OF LABOR AND EMPLOYMENT, TO  
13 PROVIDE TARGETED CASH GRANTS OR OTHER SUPPORT  
14 PROGRAMS TO DISPLACED WORKERS OF FIRMS THAT  
15 MAY BE AFFECTED BY THE RATIONALIZATION OF FISCAL  
16 INCENTIVES;

17 “(2) THE AMOUNT OF FIVE HUNDRED MILLION  
18 PESOS (P500,000,000) SHALL BE APPROPRIATED  
19 ANNUALLY TO PROVIDE TARGETED TRAININGS TO  
20 DISPLACED WORKERS OF FIRMS THAT MAY BE AFFECTED  
21 BY THE RATIONALIZATION OF FISCAL INCENTIVES;

22 “(3) THE AMOUNT OF FIVE BILLION PESOS  
23 (P5,000,000,000) SHALL BE ALLOCATED ANNUALLY FOR  
24 THE SKILLS UPGRADE PROGRAM OF THE IT-BPO  
25 INDUSTRY. THE FUND SHALL BE SOLELY USED TO PAY  
26 FOR FORMAL ACADEMIC OR TRAINING PROGRAMS OF  
27 ACCREDITED PRIVATE OR PUBLIC SCHOOLS AND  
28 TRAINING CENTERS; AND

29 “(4) THE AMOUNT OF FIFTEEN BILLION PESOS  
30 (P15,000,000,000), IN ADDITION TO ANY ADJUSTMENT

1 FUND APPROPRIATED UNDER THE BUDGET OF  
2 PERTINENT GOVERNMENT DEPARTMENTS/AGENCIES,  
3 SHALL BE APPROPRIATED FOR THE DEVELOPMENT OF  
4 INFRASTRUCTURE SURROUNDING AND WITHIN THE  
5 AREAS/LOCALITIES OF SPECIAL ECONOMIC ZONES AND  
6 FREEPORTS TO BE AFFECTED BY THIS ACT. THIS  
7 SUBSIDY SHALL LIKEWISE BE UTILIZED TO SUPPORT  
8 RESEARCH AND DEVELOPMENT; COSTS OF POWER,  
9 WATER AND OTHER UTILITIES; LEASE OF PROPERTIES;  
10 AND OTHER ECONOMIC ACTIVITIES RELEVANT  
11 TO DEVELOPING THE ABOVEMENTIONED  
12 AREAS/LOCALITIES.

13 "PROVIDED, THAT RELEASES TO THE  
14 INVESTMENT PROMOTION AGENCIES SHALL BE  
15 GOVERNED BY IMPLEMENTING GUIDELINES TO BE  
16 PROMULGATED BY THE DEPARTMENT OF FINANCE AND  
17 THE DEPARTMENT OF BUDGET AND MANAGEMENT.

18 "PROVIDED, FURTHER, THAT EARMARKING FOR  
19 THESE FUNDS IN THIS SECTION SHALL BE TERMINATED  
20 FIVE (5) YEARS AFTER THE EFFECTIVITY OF THIS ACT."

21 "SEC. 313. *ENHANCED TAX EXPENDITURE FUND*  
22 *SYSTEM.* - ALL INTERNAL REVENUE TAX AND DUTY  
23 OBLIGATIONS OF GOVERNMENT-OWNED AND/OR  
24 CONTROLLED CORPORATIONS SHALL BE CHARGEABLE  
25 TO THE TAX EXPENDITURE FUND OF THE GOVERNMENT  
26 UPON THE ESTABLISHMENT AND IMPLEMENTATION OF  
27 AN ENHANCED TAX EXPENDITURE FUND SYSTEM THAT  
28 GRANTS TAX SUBSIDY WITHIN THIRTY (30) DAYS FROM  
29 THE FILING OF APPLICATION WITH THE FIRB.

1           "SEC. 314. THE NAME OF RECIPIENTS OF  
2           INCENTIVES AND THE AMOUNT OF INCENTIVES AVAILABLE  
3           SHALL BE REPORTED BY THE INVESTMENT PROMOTION  
4           AGENCIES ANNUALLY TO CONGRESS. THE REPORT  
5           SHALL BE MADE AVAILABLE TO THE PUBLIC."

6           SEC. 35. Title XIII of the National Internal Revenue Code of  
7           1997, as amended, is hereby retitled as Title XIV.

8           SEC. 36. Title XIV of the National Internal Revenue Code of  
9           1997, as amended, is hereby retitled as Title XV.

10          SEC. 37. *Amendatory Clause.* -

11          (a) To ensure that the DOF, NEDA and DTI are represented  
12          in the Governing Boards of all IPAS, where the DOF shall  
13          automatically serve as Co-chair, and DTI and NEDA as members,  
14          pursuant to Section 299 of this Act, the following provisions, among  
15          others, are amended accordingly:

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

18           (2) Sections 9 and 13(c) of Republic Act No. 7227, entitled  
19           "An Act Accelerating the Conversion of Military Reservations into  
20           Other Productive Uses, Creating the Bases Conversion and  
21           Development Authority for this Purpose, Providing Funds Therefor  
22           and for Other Purposes";

23           (3) Section 3 of Executive Order No. 80, series of 1993, entitled  
24           "Authorizing the Establishment of the Clark Development  
25           Corporation as the Implementing Arm of the Bases Conversion and  
26           Development Authority for the Clark Special Economic Zone, and  
27           Directing all Heads of Departments, Bureaus, Offices, Agencies and  
28           Instrumentalities of Government to Support the Program";

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

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

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

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

24 (8) Section 15 of Republic Act No. 9490, entitled "An Act  
25 Establishing the Aurora Special Economic Zone in the Province of  
26 Aurora, Creating for the Purpose the Aurora Special Economic Zone  
27 Authority, Appropriating Funds Therefor and for Other Purposes",  
28 as amended by Republic Act No. 10083;



1           (9) Section 7 of Republic Act No. 7922, entitled "An Act  
2 Establishing a Special Economic Zone and Freeport in the  
3 Municipality of Santa Ana and the Neighboring Islands in the  
4 Municipality of Aparri, Province of Cagayan, Providing Funds  
5 Therefor, and for Other Purposes";

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

12           (11) Section 11 of Republic Act No. 7916, entitled "An Act  
13 Providing for the Legal Framework and Mechanisms for the  
14 Creation, Operation, Administration, and Coordination of Special  
15 Economic Zones in the Philippines, Creating for this Purpose, the  
16 Philippine Economic Zone Authority (PEZA), and for Other  
17 Purposes".

18           (b) The following laws are hereby amended to mandate all  
19 internal revenue tax and duty obligations of the relevant entities be  
20 chargeable to the Tax Expenditure Fund (TEF) pursuant to Section  
21 313 of this Act:

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

26           (2) Section 8 of Republic Act No. 7903, entitled "An Act  
27 Creating Special Economic Zone and Freeport in the City of  
28 Zamboanga for this Purpose the Zamboanga City Special Economic

1 Zone Authority, Appropriating Funds Therefor, and for Other  
2 Purpose”;

3 (3) Section 12(a) of Republic Act No. 10083, entitled “An Act  
4 Amending Republic Act No. 9490, Otherwise Known as the ‘Aurora  
5 Special Economic Zone Act of 2007’ ”;

6 (4) Sections 29, 57, 74, 95(c) of Republic Act No. 9593,  
7 entitled “An Act Declaring Tourism as Engine of Investment,  
8 Employment, Growth and National Development and Strengthening  
9 the Department of Tourism or Tourism Act of 2009”;

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

15 (6) Section 16(a)(b) of Republic Act No. 9497, entitled “An  
16 Act Creating the Civil Aviation Authority of the Philippines,  
17 Authorizing the Appropriation of Funds Therefor, and for Other  
18 Purposes”;

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

23 (8) Sections 8 and 14 of Presidential Decree No. 269, entitled  
24 “Creating the National Electrification Administration as a  
25 Corporation, Prescribing its Powers and Activities, Appropriating  
26 the Necessary Funds Therefore and Declaring a National Policy  
27 Objective for the Total Electrification of the Philippines on an Area  
28 Coverage Service Basis, the Organization, Promotion and

1 Development of Electric Cooperatives to Attain the Said Objective,  
2 Prescribing Terms and Conditions for their Operations, the Repeal  
3 of Republic Act No. 6038, and for Other Purposes”;

4 (9) Sections 2 and 19 of Republic Act No. 9679, entitled “An  
5 Act Amending the Home Development Mutual Fund, Otherwise  
6 Known as the Pag-IBIG Fund”;

7 (10) Section 17(c) under Section 8 of Republic Act No. 9576,  
8 entitled “An Act Increasing the Maximum Deposit Insurance  
9 Coverage, and in Connection Therewith, to Strengthen the  
10 Regulatory and Administrative Authority, and Financial Capability  
11 of the Philippine Deposit Insurance Corporation (PDIC), Amending  
12 for this Purpose Republic Act Numbered Three Thousand Five  
13 Hundred Ninety-One, as Amended, Otherwise Known as the PDIC  
14 Charter and for Other Purposes”;

15 (11) Section 13 of Republic Act No. 7820, entitled “An Act  
16 Creating the Partido Development Administration, Defining its  
17 Powers and Functions, Providing Funds Therefor, and for Other  
18 Purposes”;

19 (12) Section 5(j) of Republic Act No. 9510, entitled “An Act  
20 Establishing the Credit Information System and for Other  
21 Purposes”;

22 (13) Section 13(e) of Presidential Decree No. 857, entitled  
23 “Providing for the Reorganization of Port Administrative and  
24 Operation Functions in the Philippines, Revising Presidential  
25 Decree No. 505 dated July 11, 1974, Creating the Philippine Port  
26 Authority, by Substitution, and for Other Purposes”;

27 (14) Section 19 of Republic Act No. 6847, entitled “An Act  
28 Creating and Establishing the Philippine Sports Commission,

1 Defining its Powers, Functions, and Responsibilities, Appropriating  
2 Funds Therefor, and for Other Purposes”;

3 (15) Section 8(a)(b) and Section 13 of Republic Act No. 6395,  
4 entitled “An Act Revising the Charter of the National Power  
5 Corporation”; and

6 (16) Section 21 of Republic Act No. 7306, entitled “An Act  
7 Providing for the Establishment of the People’s Television Network,  
8 Inc., Defining its Powers and Functions, Providing for its Sources of  
9 Funding and for Other Purposes.”

10 SEC. 38. *Repealing Clauses.* –

11 (a) The tax treatment provisions of entities covered by the  
12 following franchise laws are hereby amended or repealed effective  
13 two (2) years from the implementation of this Act: *Provided*, That  
14 the tax treatment provisions of entities covered by franchise laws  
15 pertaining to energy and telecommunications shall be deferred for  
16 an additional two (2) years:

17 (1) Section 9 of Republic Act No. 7953, entitled “An Act  
18 Amending Republic Act Numbered Sixty-Six Hundred Thirty-Two,  
19 entitled ‘An Act Granting the Philippine Racing Act, Inc., a  
20 Franchise to Operate and Maintain a Race Track for Horse Racing  
21 in the Province of Rizal, and Extending the Said Franchise by  
22 Twenty-five (25) Years From the Expiration of the Term Thereof’ ”;

23 (2) Section 12 of Republic Act No. 8407, entitled “An Act  
24 Amending Republic Act Numbered Sixty-Six Hundred Thirty-One,  
25 entitled ‘An Act Granting Manila Jockey Club, Inc., a Franchise to  
26 Construct, Operate and Maintain a Race Track for Horse Racing in  
27 the City of Manila or any Place Within the Provinces of Bulacan,

1 Cavite or Rizal and Extending the Said Franchise by Twenty-five  
2 (25) Years From the Expiration of the Term Thereof ”;

3 (3) Section 9 of Republic Act No. 8298, entitled “An  
4 Act Amending Republic Act Numbered Seventy-Nine Hundred  
5 Seventy-Eight, entitled ‘An Act Granting the Metro Manila Turf  
6 Club, Inc., a Franchise to Construct, Operate and Maintain a  
7 Racetrack for Horse Racing in the City of Kalookan’ ”; and

8 (4) Section 12 of Republic Act No. 8446, entitled “An Act  
9 Granting the Fil-Asia Racing Club a Franchise to Construct,  
10 Operate and Maintain a Racetrack for Horse Racing in Rizal or  
11 Tarlac, or Pampanga or Batangas or Quezon City”.

12 (b) The provisions of the following laws, including the tax  
13 incentives, that are inconsistent with this Act are hereby amended  
14 or repealed effective two (2) years from the implementation of  
15 this Act: *Provided*, That the tax treatment provisions of entities  
16 covered by special laws pertaining to energy, agriculture, and  
17 telecommunications shall be deferred for an additional two (2) years:

18 (1) Section 37 of Republic Act No. 6848, entitled “An Act  
19 Providing for the 1989 Charter of the Al-Amanah Islamic  
20 Investment Bank of the Philippines, Authorizing its Conduct of  
21 Islamic Banking Business, and Repealing for this Purpose  
22 Presidential Decree Numbered Two Hundred and Sixty-Four as  
23 Amended by Presidential Decree Numbered Five Hundred and  
24 Forty-Two”;

25 (2) Section 17 of Republic Act No. 7906, entitled “An Act  
26 Providing for the Regulation of the Organization and Operations of  
27 Thrift Banks, and for Other Purposes”;

1           (3) Section 15 of Republic Act No. 7353, entitled "An Act  
2 Providing for the Creation, Organization and Operation of Rural  
3 Banks, and for Other Purposes";

4           (4) Book I, Title III, Article 39(A), (B), (C), (D), (E), (G), (I)  
5 and (J); Title IV, Article 40; Book III, Articles 59, 60, 61; Book IV  
6 Article 69; Book VI, Articles 77 and 78 of Executive Order No. 226,  
7 series of 1987, entitled "The Omnibus Investments Code of 1987";

8           (5) Section 1 of Republic Act No. 7918, entitled "An Act  
9 Amending Article 39, Title III of Executive Order No. 226,  
10 Otherwise Known as the Omnibus Investments Code of 1987, as  
11 Amended, and for Other Purposes";

12           (6) Articles 62, 63, 64, 65, 66, 67, and 69 of Republic Act No.  
13 8756, entitled "An Act Providing for the Terms, Conditions and  
14 Licensing Requirements of Regional or Area Headquarters, Regional  
15 Operating Headquarters, Regional Warehouses of Multinational  
16 Companies, Amending for the Purpose Certain Provisions of  
17 Executive Order No. 226, Otherwise Known as the Omnibus  
18 Investment Code of 1987";

19           (7) Executive Order No. 22, series of 2017, amending  
20 Executive Order No. 70, series of 2012 and Executive Order No. 528,  
21 series of 2006 and Executive Order No. 313, series of 2004, entitled  
22 "Reducing the Rates of Duty on Capital Equipment, Spare Parts and  
23 Accessories Imported by Board of Investments - Registered New and  
24 Expanding Enterprises";

25           (8) Section 12 of Republic Act No. 8047, entitled "An Act  
26 Providing for the Development of the Book Publishing Industry  
27 Through the Formulation and Implementation of a National Book  
28 Policy and a National Book Development Plan";

1           (9) Section 17(1) to (8) insofar as tax exemption and/or VAT  
2 zero-rating on domestic merchandise is concerned, and Section  
3 18(a), (b), (c), and (f) of Presidential Decree No. 66, entitled  
4 "Creating the Export Processing Zone Authority and Revising  
5 Republic Act No. 5490";

6           (10) Section 4(e) and (f), insofar as tax exemption and/or VAT  
7 zero-rating on domestic merchandise is concerned, of Republic Act  
8 No. 7903, entitled "An Act Creating Special Economic Zone and  
9 Freeport in the City of Zamboanga and Establishing for this Purpose  
10 the Zamboanga City Special Economic Zone Authority,  
11 Appropriating Funds Therefor, and for Other Purposes";

12           (11) Section 4(b)(c), insofar as tax exemption and/or VAT  
13 zero-rating on domestic merchandise is concerned, of Republic Act  
14 No. 7922, entitled "An Act Establishing a Special Economic Zone  
15 and Freeport in the Municipality of Santa Ana and the Neighboring  
16 Islands in the Municipality of Aparri, Province of Cagayan  
17 Providing Funds Therefor, and for Other Purposes";

18           (12) Section 4 of Republic Act No. 8748, entitled "An Act  
19 Amending Republic Act No. 7916, Otherwise Known as the Special  
20 Economic Zone Act of 1995";

21           (13) Sections 23 and 24 of Republic Act No. 7916, entitled "An  
22 Act Providing for the Legal Framework and Mechanisms for the  
23 Creation, Operation, Administration, and Coordination of Special  
24 Economic Zones in the Philippines, Creating for the Purpose the  
25 Philippine Economic Zone Authority (PEZA), and for Other  
26 Purposes";

27           (14) Section 1 of Republic Act No. 9400, amending  
28 Section 12(b) of Republic Act No. 7227, insofar as tax exemption

1 and VAT zero-rating of domestic merchandise and capital  
2 equipment are concerned, Section 12(c), Section 2 amending Section  
3 15, second, third and last paragraph of Republic Act No. 7227,  
4 Section 3, first and second paragraph; Sections 4 and 5 entitled "An  
5 Act Amending Republic Act No. 7227, as Amended, Otherwise  
6 Known as the Bases Conversion and Development Act of 1982, and  
7 for Other Purposes";

8 (15) Section 1 of Executive Order No. 619, entitled "Creating  
9 and Designating Special Economic Zones Pursuant to Republic Act  
10 No. 7916, as Amended by Republic Act No. 8784, in Relation to  
11 Republic Act No. 7227, as Amended by Republic Act No. 9400, Inside  
12 the Clark Freeport Zone";

13 (16) Sections 5, 6, 7, 8, and 9 of Republic Act No. 9490,  
14 entitled "An Act Establishing the Aurora Special Economic Zone in  
15 the Province of Aurora, Creating for the Purpose the Aurora Special  
16 Economic Zone Authority, Appropriating Funds Therefor and for  
17 Other Purposes";

18 (17) Sections 3(e)(f)(h) and 4 of Republic Act No. 10083,  
19 entitled "An Act Amending Republic Act No. 9490";

20 (18) Section 4(f), insofar as tax exemption and/or  
21 value-added tax or VAT zero-rating on domestic merchandise and  
22 capital equipment are concerned, and Sections 5, 6, and 10 of  
23 Republic Act No. 9728, entitled "An Act Converting the Bataan  
24 Economic Zone Located in the Municipality of Mariveles, Province  
25 of Bataan, into the Freeport Area of Bataan (FAB), Creating for  
26 this Purpose the Authority of the Freeport Area of Bataan (AFAB),  
27 Appropriating Funds Therefor and for Other Purposes";



1           (19) Section 36(e) and (f) of Presidential Decree No. 705,  
2   entitled "Revising PD No. 389, Otherwise Known as the Forestry  
3   Reform Code of the Philippines";

4           (20) Section (b)(1)(c) of Republic Act No. 9003, entitled "An Act  
5   Providing for an Ecological Solid Waste Management Program,  
6   Creating the Necessary Institutional Mechanisms and Incentives,  
7   Declaring Certain Acts Prohibited and Providing Penalties,  
8   Appropriating Funds Therefor and for Other Purposes";

9           (21) Section 26(a)(1)(3) of Republic Act No. 9275, entitled "An  
10   Act Providing for Comprehensive Water Quality Management and  
11   for Other Purposes";

12          (22) Sections 16 and 17 of Republic Act No. 7844, entitled "An  
13   Act to Develop Exports as a Key Towards the Achievement of the  
14   National Goals Towards the Year 2000";

15          (23) Section 13 of Republic Act No. 10817, entitled "An Act  
16   Instituting the Philippine Halal Export Development and Promotion  
17   Program, Creating for the Purpose the Philippine Halal Export  
18   Development and Promotion Board, and for Other Purposes";

19          (24) Section 14 of Republic Act No. 8423, entitled "An Act  
20   Creating the Philippine Institute of Traditional and Alternative  
21   Health Care (PITAHC) to Accelerate the Development of Traditional  
22   and Alternative Health Care in the Philippines, Providing for a  
23   Traditional and Alternative Health Care Development Fund and for  
24   Other Purposes";

25          (25) Section 20(d)(1) to (5) of Republic Act No. 10884, entitled  
26   "An Act Strengthening the Balanced Housing Development  
27   Program, Amending for the Purpose Republic Act No. 7279, as

1 Amended, Otherwise Known as the Urban Development and  
2 Housing Act of 1992”;

3 (26) Republic Act No. 7718, entitled “An Act Amending  
4 Certain Sections of Republic Act No. 6957, Entitled ‘An Act  
5 Authorizing the Financing, Construction, Operation and  
6 Maintenance of Infrastructure Projects by the Private Sector, and  
7 for Other Purposes’ ”;

8 (27) Section 6(c)(d)(f) and Sections 7 and 8 of Republic Act No.  
9 7103, entitled “An Act to Strengthen the Iron and Steel Industry  
10 and Promote Philippine Industrialization and for Other Purposes”;

11 (28) Section 3(a) to (d) and (h) of Republic Act No. 8502,  
12 entitled “An Act to Promote the Development of the Jewelry  
13 Manufacturing Industry, Providing Incentives Therefor and for  
14 Other Purposes”;

15 (29) Section 5(a)(b) of Republic Act No. 10771, entitled “An Act  
16 Promoting the Creation of Green Jobs, Granting Incentives and  
17 Appropriating Funds Therefor”;

18 (30) Sections 9(h)(10) of Republic Act No. 9501, entitled  
19 “Promoting Entrepreneurship by Strengthening Development and  
20 Assistance Programs to Micro, Small and Medium Scale Enterprises  
21 Amending Republic Act No. 6977, Otherwise Known as the Magna  
22 Carta For Small Enterprises”;

23 (31) Section 7 of Republic Act No. 9178, entitled “An Act to  
24 Promote the Establishment of Barangay Micro Business Enterprises  
25 (BMBES), Providing Incentives and Benefits Therefor, and for Other  
26 Purposes”;

27 (32) Chapter XV, Section 83; Chapter XVI, Sections 90, 91, 92,  
28 and 93 of Republic Act No. 7942, entitled “An Act Instituting a New

1 System of Mineral Resources Exploration, Development, Utilization  
2 and Conservation”;

3 (33) Chapter II, Section 4 and Chapter VIII, Section 19 of  
4 Republic Act No. 9295, entitled “An Act Promoting the Development  
5 of Philippine Domestic Shipping, Shipbuilding, Ship Repair and  
6 Ship Breaking, Ordaining Reforms in Government Policies Towards  
7 Shipping in the Philippines and for Other Purposes”;

8 (34) Section 6 of Republic Act No. 7471, as amended, entitled  
9 “An Act to Promote the Development of Philippine Overseas  
10 Shipping”;

11 (35) Sections 86, 88, and 95(a) and (b) of Republic Act No.  
12 9593, entitled “An Act Declaring a National Policy for Tourism as an  
13 Engine of Investment, Employment, Growth and National  
14 Development, and Strengthening the Department of Tourism and its  
15 Attached Agencies to Effectively and Efficiently Implement That  
16 Policy, and Appropriating Funds Therefor”;

17 (36) Section 8, insofar as investment incentives are concerned,  
18 of Republic Act No. 10816, entitled “An Act Providing for the  
19 Development and Promotion of Farm Tourism in the Philippines”;

20 (37) Section 8 of Presidential Decree No. 1491, Amending  
21 Section 8 of Presidential Decree No. 538 (Philippine Veterans  
22 Investment Development Corporation);

23 (38) Section 8, insofar as tax exemption and VAT zero-rating  
24 of domestic merchandise are concerned, and Section 9 of  
25 Presidential Decree No. 538, entitled “Creating and Establishing the  
26 PHIVIDEC Industrial Authority and Making it a Subsidiary Agency  
27 of the Philippine Veterans Development Corporation, Defining its  
28 Powers, Functions and Responsibilities, and for Other Purposes”;

1 (39) Section 1(1.1) of Executive Order No. 97-A, series of  
2 1993, entitled "Further Clarifying the Tax and Duty-Free Privilege  
3 Within the Subic Special Economic and Free Port Zone";

4 (40) Sections 4(f) and 5(c)(k), insofar as tax exemption and/or  
5 VAT zero-rating on domestic merchandise is concerned, and  
6 Section 12(b) of Republic Act No. 10083, entitled "An Act Amending  
7 Republic Act No. 9490, Otherwise Known as the Aurora Special  
8 Economic Zone Act of 2007";

9 (41) Section 5(5.1) and (5.2) of Executive Order No. 290, series  
10 of 2004, entitled "Implementing the Natural Gas Vehicle Program  
11 for Public Transport";

12 (42) Sections 18 and 20 of Republic Act No. 6847, entitled "An  
13 Act Creating and Establishing the Philippine Sports Commission,  
14 Defining its Powers, Functions, and Responsibilities, Appropriating  
15 Funds Therefor, and for Other Purposes";

16 (43) Section 22 of Republic Act No. 9337, entitled "An Act  
17 Amending Sections 27, 28, 34, 106, 107, 108, 109, 110, 111, 112, 113,  
18 114, 116, 117, 119, 121, 148, 151, 236, 237, and 288 of the National  
19 Internal Revenue Code of 1997, as Amended, and for Other  
20 Purposes";

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

26 (45) Section 2 of Presidential Decree No. 1931, series of 1984,  
27 entitled "Directing the Rationalization of Duty and Tax Exemption

1 Privileges Granted to Government-Owned or -Controlled  
2 Corporations and All Other Units of Government”;

3 (46) Section 1(c) and (d) of Executive Order No. 93, series of  
4 1986, entitled “Withdrawing All Tax and Duty Incentives, Subject to  
5 Certain Exceptions, Expanding the Powers of the Fiscal Incentives  
6 Review Board and for Other Purposes”; and

7 (47) Section 1(a) and (b) of Presidential Decree No. 1955,  
8 entitled “Withdrawing, Subject to Certain Conditions, the Duty and  
9 Tax Privileges Granted to Private Business Enterprises and/or  
10 Persons Engaged in Any Economic Activity and for Other Purposes”.

11 (c) Memorandum Order No. 23, series of 1986, entitled  
12 “Expanding the Membership of the Fiscal Incentives Review Board”,  
13 is hereby repealed.

14 (d) In General. — All other laws, decrees, executive orders,  
15 rules and regulations or parts thereof which are contrary to or  
16 inconsistent with this Code are hereby repealed, amended or  
17 modified accordingly.

18 SEC. 39. *Implementing Rules and Regulations.* — Within  
19 ninety (90) days from the effectivity of this Act, the Secretaries of  
20 Finance and Trade and Industry shall, upon consultations with the  
21 Commissioner of Internal Revenue and the Board of Investments  
22 and other Investment Promotion Agencies, promulgate the  
23 necessary rules and regulations for its effective implementation.

24 SEC. 40. *Separability Clause.* — If any clause, sentence,  
25 paragraph, or part of this Code shall be adjudged by any court of  
26 competent jurisdiction to be invalid, such judgment shall not affect,  
27 impair, or invalidate the remainder of said Code, but shall be

1 confined in its operation to the clause, sentence, paragraph, or part  
2 thereof directly involved in the controversy.

3       SEC. 41. *Effectivity.* - This Act shall take effect on  
4 January 1, 2019 following its complete publication in the  
5 *Official Gazette* or in a newspaper of general circulation.

Approved,

O