

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Eighteenth Congress
First Regular Session



COMMITTEE REPORT NO. 2

Submitted by the Committees on Ways and Means and Appropriations on **AUG 22 2019**

RE: House Bill No. **4157**

Recommending its approval in substitution of House Bills Numbered 176, 313, 1042, 1909, 2084, 2554, 2704, 2956, 3356, and 3846

SPONSORS: Representatives Joey Sarte Salceda, Isidro T. Ungab,
Estrellita B. Suansing, and Sharon S. Garin

Mr. Speaker:

The Committees on Ways and Means and Appropriations to which were referred House Bill No. 176, introduced by Reps. Horacio P. Suansing, Jr. and Estrellita B. Suansing, entitled:

“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”

House Bill No. 313, introduced by Rep. Joey Sarte Salceda, entitled:

“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”

House Bill No. 1042, introduced by Rep. Kristine Singson-Meehan, entitled:

“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”

House Bill No. 1909, introduced by Rep. Luis Raymund “LRay” F. Villafuerte, Jr., entitled:

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

House Bill No. 2084, introduced by Rep. Junie E. Cua, entitled:

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

House Bill No. 2554, introduced by Rep. Sharon S. Garin, entitled:

“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”

House Bill No. 2704, introduced by Rep. Aurelio “Dong” D. Gonzales Jr., entitled:

“AN ACT AMENDING SECTIONS 20, 22, 27, 28, 34, 40, 50, 73, 112, 119, 203, 204, 220, 222, 228, 237, 237-A, 248, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 275, 290, 291, 292 AND ADDING SECTIONS 293, 294, 295, 296, 297, 298, 298-A, 299, 300, 301, 302, 303, 304, 305, AND 306 UNDER CHAPTERS I, II, III, IV, V AND VI, ALL UNDER THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES”

House Bill No. 2956, introduced by Rep. Michael Odylon L. Romero, entitled:

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

House Bill No. 3356, introduced by Rep. Ann K. Hofer, entitled:

“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” and

House Bill No. 3846, introduced by Rep. Rufus B. Rodriguez, entitled:

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

has considered the same and recommends that the attached House Bill No. 4157, entitled:

“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, 261, 263, 264, 266, 275, 290, 291, 292 AND ADDING NEW SECTIONS 6-A, 282-A, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315 AND 316 ALL UNDER THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES”

be approved in substitution of House Bills Numbered 176, 313, 1042, 1909, 2084, 2554, 2704, 2956, 3356, and 3846 with Reps. Horacio P. Suansing Jr., Estrellita B. Suansing, Joey Sarte Salceda, Kristine Singson-Meehan, Luis Raymund ‘LRay’ F. Villafuerte Jr., Junie E. Cua, Sharon S. Garin, Aurelio ‘Dong’ D. Gonzales Jr., Michael Odylon L. Romero, Ann K. Hofer, Rufus B. Rodriguez, Isidro T. Ungab, Micaela S. Violago, Alyssa Sheena P. Tan, Aleta C. Suarez, Eric Go Yap, Jose ‘Jun’ L. Ong, Jr., Rolando M. Valeriano, Elpidio F. Barzaga, Jr., Janice Z. Salimbangon, Juliette T. Uy, Corazon T. Nuñez-Malanyaon, Eduardo R. Gullas, Raul ‘Boboy’ C. Tupas, Michael B. Gorriceta, Sabiniano S. Canama, Jose ‘Ping-Ping’ I. Tejada,

Sol Aragonés, Joaquin M. Chipeco, Jr., Rudy S. Caoagdan, Lorenz R. Defensor, Anthony Peter "Onyx" D. Crisologo, Joy Myra S. Tambunting, Ria Christina G. Fariñas, Jumel Anthony I. Espino, Ma. Theresa V. Collantes, Joselito "Joel" S. Sacdalan, Michael John R. Duavit, Jake Vincent S. Villa, Arnie B. Fuentebella, Cesar "Jawo" L. Jimenez, Jr., Cheryl P. Deloso-Montalla, Faustino Michael Carlos T. Dy III, Allan Reyes, Jose Gay G. Padiernos, Sonny "SI" L. Lagon, Virgilio S. Lacson, Michael Edgar Y. Aglipay, Jorge Antonio P. Bustos, Jericho Jonas B. Nograles, Adriano A. Ebcas, Ronnie L. Ong, Stella Luz A. Quimbo, Alex "Aa" L. Advincula, Fernando T. Cabredo, Maximo Y. Dalog Jr., Edgar M. Chatto, Ma. Angelica M. Amante-Matba, Gil "Kabarangay" A. Acosta Jr., Romeo M. Jalosjos Jr., Elisa 'Olga' T. Kho, Peter John D. Calderon, Juan Miguel Macapagal Arroyo, Lorna P. Bautista-Bandigan, Enrico A. Pineda, Eleandro Jesus F. Madrona, Frederick W. Siao, Dale 'Along' R. Malapitan, Antonio "Tonypet" T. Albano, Samantha Louise Vargas Alfonso, Franz "Chicoy" E. Alvarez, Rose Marie 'Baby' J. Arenas, Robert Ace S. Barbers, Emmanuel "Tawi" Billones, Lianda B. Bolilia, Fredenil "Fred" H. Castro, Solomon R. Chungalao, Leo Rafael M. Cueva, Raul V. Del Mar, Ian Paul L. Dy, Arnold 'Noli' D. Celeste, Paolo Z. Duterte, Pablo John F. Garcia, Doy C. Leachon, Esmael G. Mangudadatu, Prospero A. Pichay Jr., Deogracias Victor 'Dv' B. Savellano, Niña Taduran, Victor A. Yap, Joseph Stephen 'Caraps' S. Paduano, Alan 'Aldu' R. Dujali, Bayani F. Fernando, Jonathan Keith T. Flores, Ed Christopher S. Go, Ferdinand L. Hernandez, Bernadette 'Bh' Herrera-Dy, Juan Fidel Felipe F. Nograles, Anna Marie Villaraza-Suarez, Josefina B. Tallado, Roman T. Romulo, Dan S. Fernandez, John Marvin 'Yul Servo' C. Nieto, Florida 'Rida' P. Robes, Ferdinand Martin G. Romualdez, Luis Iv 'Jon-Jon' A. Ferrer, Jose Jr. 'Bonito' C. Singson, Noel L. Villanueva, Francisco Jose II 'Bingo' F. Matugas, Way Kurat Zamora, Rodolfo B. Albano, Abdullah D. Dimaporo, Jesus Crispin C. Remulla, Romeo S. Momo Sr., Datu Roonie Q. Sinsuat Sr., Ma. Victoria V. Umali, Ramon V. Guico III, Jocelyn P. Tulfo, Erico Aristotle C. Aumentado, Faustino 'Inno' A. Dy V, Juan Pablo "Rimpy" P. Bondoc, Manuel F. Zubiri, Yasser Alonto Balindong, Narciso R. Bravo Jr., Luisa Lloren Cuaresma, Rommel Rico T. Angara, Godofredo N. Guya, Johnny Ty Pimentel, Francisco 'Kiko' B. Benitez, Emmarie "Lolypop" M. Ouano-Dizon, Sandro L. Gonzalez, Jocelyn Sy Limkaichong, Manuel T. Sagarbarria, David 'Jay-Jay' C. Suarez, Diego C. Ty, Paul Ruiz Daza, Ruwel Peter S. Gonzaga, Maricel G. Natividad-Nagaño, Pablo C. Ortega, Rosanna 'Ria' Vergara, Luis N. Campos Jr., Manuel Jose "Mannix" M. Dalipe, John Reynald M. Tiangco, Henry S. Oaminal, Wilter 'Sharky' Wee Palma II, Rolando 'Klarex' A. Uy, 'Kuya' Jose Antonio R. Sy-Alvarado, Greg G. Gasataya, Alfred D. Vargas, Alfred C. Delos Santos and Rodante D. Marcoleta as authors.

Respectfully submitted,



REP. ISIDRO T. UNGAB
Chairperson
Committee on Appropriations



REP. JOEY SARTE SALCEDA
Chairperson
Committee on Ways & Means

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY

EIGHTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session

HOUSE OF REPRESENTATIVES

House Bill No. **4157**

(in substitution of House Bills Numbered 176, 313, 1042, 1909, 2084, 2554, 2704, 2956,
3356, and 3846)

Introduced by **Representatives** HORACIO P. SUANSING JR., ESTRELLITA B. SUANSING, JOEY SARTE SALCEDA, KRISTINE SINGSON-MEEHAN, LUIS RAYMUND "LRAY" F. VILLAFUERTE JR., JUNIE E. CUA, SHARON S. GARIN, AURELIO "DONG" D. GONZALES, MICHAEL ODYLON L. ROMERO, ANN K. HOFER, RUFUS B. RODRIGUEZ, ISIDRO T. UNGAB, MICAELA S. VIOLAGO, ALYSSA SHEENA P. TAN, ALETA C. SUAREZ, ERIC GO YAP, JOSE "JUN" L. ONG, JR., ROLANDO M. VALERIANO, ELPIDIO F. BARZAGA, JR., JANICE Z. SALIMBANGON, JULIETTE T. UY, CORAZON T. NUÑEZ-MALANYAON, EDUARDO R. GULLAS, RAUL "BOBOY" C. TUPAS, MICHAEL B. GORRICETA, SABINIANO S. CANAMA, JOSE 'PING-PING' I. TEJADA, SOL ARAGONES, JOAQUIN M. CHIPECO, JR., RUDY S. CAOAGDAN, LORENZ R. DEFENSOR, ANTHONY PETER "ONYX" D. CRISOLOGO, JOY MYRA S. TAMBUNTING, RIA CHRISTINA G. FARIÑAS, JUMEL ANTHONY I. ESPINO, MA. THERESA V. COLLANTES, JOSELITO "JOEL" S. SACDALAN, MICHAEL JOHN R. DUAVIT, JAKE VINCENT S. VILLA, ARNIE B. FUENTEBELLA, CESAR "JAWO" L. JIMENEZ, JR., CHERYL P. DELOSO-MONTALLA, FAUSTINO MICHAEL CARLOS T. DY III, ALLAN REYES, JOSE GAY G. PADIERNOS, SONNY "SL" L. LAGON, VIRGILIO S. LACSON, MICHAEL EDGAR Y. AGLIPAY, JORGE ANTONIO P. BUSTOS, JERICHO JONAS B. NOGRALES, ADRIANO A. EBCAS, RONNIE L. ONG, STELLA LUZ A. QUIMBO, ALEX "AA" L. ADVINCULA, FERNANDO T. CABREDO, MAXIMO Y. DALOG JR., EDGAR M. CHATTO, MA. ANGELICA M. AMANTE-MATBA, GIL "KABARANGAY" A. ACOSTA JR., ROMEO M. JALOSJOS JR., ELISA 'OLGA' T. KHO, PETER JOHN D. CALDERON, JUAN MIGUEL MACAPAGAL ARROYO, LORNA P. BAUTISTA-BANDIGAN, ENRICO A. PINEDA, ELEANDRO JESUS F. MADRONA, FREDERICK W. SIAO, DALE 'ALONG' R. MALAPITAN, ANTONIO "TONYPET" T. ALBANO, SAMANTHA LOUISE VARGAS ALFONSO, FRANZ "CHICOY" E. ALVAREZ, ROSE MARIE 'BABY' J. ARENAS, ROBERT ACE S. BARBERS, EMMANUEL "TAWI" BILLONES, LIANDA B. BOLILIA, FREDENIL "FRED" H. CASTRO, SOLOMON R. CHUNGALAO, LEO RAFAEL M. CUEVA, RAUL V. DEL MAR, IAN PAUL L. DY, ARNOLD 'NOLI' D. CELESTE, PAOLO Z. DUTERTE, PABLO JOHN F. GARCIA, DOY C. LEACHON, ESMAEL G. MANGUDADATU, PROSPERO A. PICHAY JR., DEOGRACIAS VICTOR 'DV' B. SAVELLANO, NIÑA TADURAN, VICTOR A. YAP, JOSEPH STEPHEN 'CARAPS' S. PADUANO, ALAN 'ALDU' R. DUJALI, BAYANI F. FERNANDO, JONATHAN KEITH T. FLORES, ED CHRISTOPHER S. GO, FERDINAND L. HERNANDEZ, BERNADETTE 'BH' HERRERA-DY, JUAN FIDEL FELIPE F. NOGRALES, ANNA MARIE VILLARAZA-SUAREZ, JOSEFINA B. TALLADO, ROMAN T. ROMULO, DAN S. FERNANDEZ, JOHN MARVIN 'YUL SERVO' C. NIETO, FLORIDA 'RIDA' P. ROBES, FERDINAND MARTIN G. ROMUALDEZ, LUIS IV 'JON-JON' A. FERRER, JOSE JR. 'BONITO' C. SINGSON,

NOEL L. VILLANUEVA, FRANCISCO JOSE II 'BINGO' F. MATUGAS, WAY KURAT ZAMORA, RODOLFO B. ALBANO, ABDULLAH D. DIMAPORO, JESUS CRISPIN C. REMULLA, ROMEO S. MOMO SR., DATU ROONIE Q. SINSUAT SR., MA. VICTORIA V. UMALI, RAMON V. GUICO III, JOCELYN P. TULFO, ERICO ARISTOTLE C. AUMENTADO, FAUSTINO 'INNO' A. DY V, JUAN PABLO "RIMPY" P. BONDOC, MANUEL F. ZUBIRI, YASSER ALONTO BALINDONG, NARCISO R. BRAVO JR., LUISA LLOREN CUARESMA, ROMMEL RICO T. ANGARA, GODOFREDO N. GUYA, JOHNNY TY PIMENTEL, FRANCISCO 'KIKO' B. BENITEZ, EMMARIE "LOLYPOP" M. OUANO-DIZON, SANDRO L. GONZALEZ, JOCELYN SY LIMKAICHONG, MANUEL T. SAGARBARRIA, DAVID 'JAY-JAY' C. SUAREZ, DIEGO C. TY, PAUL RUIZ DAZA, RUWEL PETER S. GONZAGA, MARICEL G. NATIVIDAD-NAGAÑO, PABLO C. ORTEGA, ROSANNA 'RIA' VERGARA, LUIS N. CAMPOS JR., MANUEL JOSE "MANNIX" M. DALIPE, JOHN REYNALD M. TIANGCO, HENRY S. OAMINAL, WILTER 'SHARKY' WEE PALMA II, ROLANDO 'KLAREX' A. UY, 'KUYA' JOSE ANTONIO R. SY-ALVARADO, GREG G. GASATAYA, ALFRED D. VARGAS, ALFRED C. DELOS SANTOS, AND RODANTE D. MARCOLETA

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, 261, 263, 264, 266, 275, 290, 291, 292 AND ADDING NEW SECTIONS 6-A, 282-A, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315 AND 316 ALL UNDER THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

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

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

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

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

12 “The power to decide disputed assessments, refunds of internal revenue taxes,
13 fees or other charges, penalties imposed in relation thereto, or other matters arising

1 under this Code or other laws or portions thereof administered by the Bureau of
2 Internal Revenue is vested in the Commissioner, subject to the exclusive appellate
3 jurisdiction of the Court of Tax Appeals.”

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

6 “SEC. 5. *Power of the Commissioner to Obtain Information, and to Summon,*
7 *Examine, and Take Testimony of Persons.* – In ascertaining the correctness of any
8 return, or in making a return when none has been made, or in determining the
9 liability of any person for any internal revenue tax, or in collecting any such
10 liability, or in evaluating tax compliance, the Commissioner is authorized:

11 “(A) x x x

12 “(B) x x x

13 “(C) x x x

14 “(D) x x x; [and]

15 “(E) x x x[.]; AND

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

28 “THE SERVICE OF A *SUBPOENA DUCES TECUM* SHALL BE
29 EFFECTED BY THE REVENUE OFFICERS ASSIGNED TO
30 INVESTIGATE THE CASE. HOWEVER, SUCH SERVICE MAY BE
31 MADE BY ANY OTHER AUTHORIZED INTERNAL REVENUE
32 OFFICER.

33 “THE *SUBPOENA DUCES TECUM* SHALL BE SERVED THROUGH
34 PERSONAL SERVICE, BUT IF NOT PRACTICABLE, IT SHALL BE

1 SERVED BY SUBSTITUTED SERVICE IN ACCORDANCE WITH THE
2 RULES OF COURT.

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

5 "BOOKS, RECORDS, AND DOCUMENTS SUBMITTED PURSUANT
6 TO A *SUBPOENA DUCES TECUM* SHALL BE PLACED UNDER THE
7 CUSTODY OF THE RECEIVING OFFICER WHO SHALL BE
8 RESPONSIBLE FOR ITS SAFEKEEPING AND PRESERVATION,
9 SUBJECT TO APPLICABLE RULES."

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

12 "SEC. 6-A. *SERVICE OF LETTER OF AUTHORITY, AND*
13 *ASSESSMENT NOTICES ISSUED BY THE BUREAU.* – THE NOTICE TO
14 THE TAXPAYER HEREIN REQUIRED MAY BE SERVED BY THE
15 COMMISSIONER OR THE DULY AUTHORIZED REPRESENTATIVE
16 THROUGH PERSONAL SERVICE AT THE TAXPAYER'S REGISTERED
17 ADDRESS. IN CASE PERSONAL SERVICE IS NOT PRACTICABLE, THE
18 NOTICE SHALL BE SERVED BY SUBSTITUTED SERVICE IN
19 ACCORDANCE WITH THE RULES OF COURT."

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

22 "SEC. 20. *Submission of Report and Pertinent Information by the*
23 *Commissioner.* –

24 "(A) x x x

25 "(B) *SUBMISSION OF TAX-RELATED INFORMATION TO THE*
26 *DEPARTMENT OF FINANCE.* – THE PROVISIONS OF SECTION 71,
27 NOTWITHSTANDING, THE COMMISSIONER SHALL, UPON THE
28 REQUEST OF THE SECRETARY OF FINANCE SPECIFICALLY
29 IDENTIFYING THE NEEDED INFORMATION AND JUSTIFICATION
30 FOR SUCH REQUEST, FURNISH THE SECRETARY PERTINENT
31 TAXPAYER INFORMATION: *PROVIDED, HOWEVER,* THAT THE
32 SECRETARY AND THE RELEVANT OFFICERS HANDLING SUCH
33 SPECIFIC INFORMATION SHALL BE COVERED BY THE PROVISIONS
34 OF SECTION 270.

1 “[B)] (C) *Report to Oversight Committee.* – The Commissioner shall, with
2 reference to Section 204 of this Code, submit to the Oversight Committee referred
3 to in Section 290 hereof, through the [Chairmen] **CHAIRPERSONS** of the
4 Committee on Ways and Means of the Senate and House of Representatives, a
5 report on the exercise of his powers pursuant to the said Section, every six (6)
6 months of each calendar year.”

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

9 “SEC. 22. *Definitions.* – x x x

10 “(A) x x x

11 “(B) x x x

12 “(C) x x x

13 “(D) x x x

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

15 “(1) A citizen of the Philippines who establishes to the satisfaction of the
16 Commissioner the fact of [his] physical presence abroad with a definite intention
17 to reside therein.

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

21 “(3) A citizen of the Philippines who works and derives income from abroad
22 and whose employment thereat requires [him to be] **BEING** physically present
23 abroad [most of the time] **FOR ONE HUNDRED EIGHTY-THREE (183)**
24 **DAYS OR MORE** during the taxable year.

25 “(4) A citizen who has been previously considered as nonresident citizen and
26 who arrives in the Philippines at any time during the taxable year to reside
27 permanently in the Philippines shall likewise be treated as a nonresident citizen for
28 the taxable year [in which he arrives] **OF ARRIVAL** in the Philippines with
29 respect to [his] income derived from sources abroad until the date of [his] arrival
30 in the Philippines.

31 “(5) The taxpayer shall submit proof to the Commissioner to show [his]
32 intention of leaving the Philippines to reside permanently abroad or to return to and
33 reside in the Philippines as the case may be for purpose of this Section.

34 “x x x.”

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

3 “SEC. 27. *Rates of Income Tax on Domestic Corporations.* –

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

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

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

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

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

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

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

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

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

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

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

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

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

26 “[In the case of taxpayers engaged in the sale of service, ‘gross income’
27 means gross receipts less sales returns, allowances and discounts.]

28 “(B) *Proprietary Educational Institutions and Hospitals.* –

29 “x x x.”

30 “*Provided*, That if the gross income from ‘unrelated trade, business or other
31 activity’ exceeds fifty percent (50%) of the total gross income derived by such
32 educational institutions or hospitals from all sources, the tax prescribed in
33 Subsection (A) hereof shall be imposed on the entire taxable income. For purposes
34 of this Subsection, the term ‘unrelated trade, business or other activity’ means any

1 trade, business or other activity, the conduct of which is not substantially related to
2 the exercise or performance by such educational institution or hospital of its
3 primary purpose or function. A ‘proprietary educational institution’ is any private
4 school maintained and administered by private individuals or groups with an issued
5 permit to operate from the Department of Education[, Culture and Sports (DECS)]
6 **(DEPED)**, or the Commission on Higher Education (CHED), or the Technical
7 Education and Skills Development Authority (TESDA), as the case may be, in
8 accordance with existing laws and regulations.

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

18 “(D) x x x

19 “(E) x x x.”

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

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

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

24 “(1) *In General.* – Except as otherwise provided in this Code, a corporation
25 organized, authorized, or existing under the laws of any foreign country, engaged
26 in trade or business within the Philippines, shall be subject to an income tax
27 equivalent to [thirty-five percent (35%)] **THIRTY PERCENT (30%)** of the
28 taxable income derived in the preceding taxable year from all sources within the
29 Philippines: [*Provided, That effective January 1, 2009, the rate of income tax shall*
30 *be thirty percent (30%).*] **PROVIDED, THAT THE RATE OF CORPORATE**
31 **INCOME TAX SHALL BE TWENTY-EIGHT PERCENT (28%)**
32 **BEGINNING JANUARY 1, 2021; TWENTY-SIX PERCENT (26%)**
33 **BEGINNING JANUARY 1, 2023; TWENTY-FOUR PERCENT (24%)**
34 **BEGINNING JANUARY 1, 2025; TWENTY-TWO PERCENT (22%)**

BEGINNING JANUARY 1, 2027; AND TWENTY PERCENT (20%)
BEGINNING JANUARY 1, 2029: *PROVIDED, FURTHER*, THAT THE
PRESIDENT MAY ADVANCE THE SCHEDULED REDUCTION IN THE
CORPORATE INCOME TAX RATE WHEN ADEQUATE SAVINGS ARE
REALIZED FROM THE RATIONALIZATION OF FISCAL INCENTIVES
UNDER TITLE XIII OF THIS CODE, AS CERTIFIED BY THE
SECRETARY OF FINANCE.

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

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

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

“(2) x x x

“(3) x x x

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

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

3 “[~~(5)~~] (4) *Tax on Branch Profits Remittances.* – Any profit remitted by a
4 branch to its head office shall be subject to a tax of fifteen percent (15%) which
5 shall be based on the total profits applied or earmarked for remittance without any
6 deduction for the tax component thereof [(except those activities which are
7 registered with the Philippine Economic Zone Authority)]. x x x

8 “[~~(6)~~] (5) *Regional or Area Headquarters and Regional Operating*
9 *Headquarters of Multinational Companies.* –

10 “(a) Regional or area headquarters as defined in Section 22(DD) shall not be
11 subject to income tax.

12 “(b) Regional operating headquarters as defined in Section 22(EE) shall pay
13 a tax of ten percent (10%) of their taxable income: **“PROVIDED, THAT AFTER**
14 **TWO YEARS FROM THE EFFECTIVITY OF THIS ACT, REGIONAL**
15 **OPERATING HEADQUARTERS SHALL BE SUBJECT TO THE**
16 **REGULAR CORPORATE INCOME TAX.**

17 “[~~(7)~~] (6) *Tax on Certain Incomes Received by a Resident Foreign*
18 *Corporation.* –

19 “(a) *Interest from Deposits and Yield or any other Monetary Benefit from*
20 *Deposit Substitutes, Trust Funds and Similar Arrangements and Royalties.* –
21 Interest from any currency bank deposit and yield or any other monetary benefit
22 from deposit substitutes and from trust funds and similar arrangements and
23 royalties derived from sources within the Philippines shall be subject to a final
24 income tax at the rate of twenty percent (20%) of such interest: *Provided, however,*
25 *That interest income derived by a resident foreign corporation from a depository*
26 *bank under the expanded foreign currency deposit system shall be subject to a final*
27 *income tax at the rate of [seven and one-half percent (7½%)]* **FIFTEEN**
28 **PERCENT (15%)** of such interest income.

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

31 “(c) *Capital Gains from Sale of Shares of Stock Not Traded in the Stock*
32 *Exchange.* – A final tax at the rate[s prescribed below] **OF FIFTEEN PERCENT**
33 **(15%)** is hereby imposed upon the net capital gains realized during the taxable year

1 from the sale, barter, exchange or other disposition of shares of stock in a domestic
2 corporation except shares sold or disposed of through the stock exchange:

3 “[Not over P100,000 5%

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

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

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

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

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

30 “(3) x x x

31 “(4) x x x

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

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

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

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

19 “Not over P100,000 5%

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

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

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

29 “(A) *Expenses*. –

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

31 “x x x

32 “(B) *Interest*. –

33 “(1) *In General*. – The amount of interest paid or incurred within a taxable
34 year on indebtedness in connection with the taxpayer’s profession, trade or business

1 shall be allowed as deduction from gross income: *Provided, however,* That the
2 taxpayer's otherwise allowable deduction for interest expense shall be reduced by
3 [forty-two percent (42%)] **THIRTY-THREE PERCENT (33%)** of the interest
4 income subjected to final tax:[*Provided,* That effective January 1, 2009, the
5 percentage shall be thirty-three percent (33%).] **PROVIDED, FURTHER, THAT**
6 **THE FOLLOWING PERCENTAGES SHALL APPLY IF THE**
7 **CORPORATE INCOME TAX RATE AS PROVIDED IN SECTIONS 27(A)**
8 **AND 28(A)(1) IS ADJUSTED:**

9 “(A) IF RATE IS TWENTY-EIGHT PERCENT (28%), INTEREST
10 EXPENSE REDUCTION RATE IS TWENTY-NINE PERCENT (29%);

11 “(B) IF RATE IS TWENTY-SIX PERCENT (26%), INTEREST
12 EXPENSE REDUCTION RATE IS TWENTY-THREE PERCENT (23%);

13 “(C) IF RATE IS TWENTY-FOUR PERCENT (24%), INTEREST
14 EXPENSE REDUCTION RATE IS SIXTEEN PERCENT (16%);

15 “(D) IF RATE IS TWENTY-TWO PERCENT (22%), INTEREST
16 EXPENSE REDUCTION RATE IS NINE PERCENT (9%);

17 “(E) IF RATE IS TWENTY PERCENT (20%), INTEREST EXPENSE
18 REDUCTION RATE IS ZERO PERCENT (0%).

19 “**PROVIDED, FINALLY, THAT IF THE INTEREST INCOME TAX IS**
20 **ADJUSTED IN THE FUTURE, THE INTEREST EXPENSE REDUCTION**
21 **RATE SHALL BE ADJUSTED ACCORDINGLY BASED ON THE**
22 **PRESCRIBED STANDARD FORMULA AS DEFINED IN THE RULES**
23 **AND REGULATIONS TO BE PROMULGATED BY THE SECRETARY OF**
24 **FINANCE, UPON THE RECOMMENDATION OF THE COMMISSIONER.**

25 “(2) x x x

26 “(C) *Taxes.* – x x x

27 “(D) *Losses.* – x x x

28 “(E) *Bad Debts.* – x x x

29 “(F) *Depreciation.* – x x x

30 “(G) *Depletion of Oil and Gas Wells and Mines.* – x x x

31 “(H) *Charitable and Other Contributions.* – x x x

32 “(I) *Research and Development.* – x x x

33 “(J) *Pension Trusts.* – x x x

34 “(K) *Additional Requirements for Deductibility of Certain Payments.* – x x x

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

27 “Notwithstanding the provisions of the preceding Subsections, the Secretary
28 of Finance, upon recommendation of the Commissioner, after a public hearing shall
29 have been held for this purpose, may prescribe by rules and regulations, limitations
30 or ceilings for any of the itemized deductions under Subsections (A) to (J) of this
31 Section: *Provided*, That for purposes of determining such ceilings or limitations,
32 the Secretary of Finance shall consider the following factors: (1) adequacy of the
33 prescribed limits on the actual expenditure requirements of each particular industry;
34 and (2) effects of inflation on expenditure levels: *Provided, further*, That no

1 ceilings shall further be imposed on items of expense already subject to ceilings
2 under present law.”

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

5 “SEC. 40. *Determination of Amount and Recognition of Gain or Loss.* –

6 “(A) x x x

7 “(B) x x x

8 “(C) *Exchange of Property.* –

9 “(1) x x x

10 “(2) *Exception.* – No gain or loss shall be recognized **ON A**
11 **CORPORATION OR ON ITS STOCK OR SECURITIES IF SUCH**
12 **CORPORATION IS A PARTY TO A REORGANIZATION AND**
13 **EXCHANGES PROPERTY [if] in pursuance of a plan of [merger or**
14 **consolidation] REORGANIZATION SOLELY FOR STOCK OR**
15 **SECURITIES IN ANOTHER CORPORATION THAT IS A PARTY TO**
16 **THE REORGANIZATION. A REORGANIZATION IS DEFINED AS:**

17 “(a) A corporation, which is a party to a merger or consolidation, exchanges
18 property solely for stock in a corporation, which is a party to the merger or
19 consolidation; or

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

32 “(c) [A security holder of a corporation, which is a party to the merger or
33 consolidation, exchanges his securities in such corporation, solely for stock or
34 securities in another corporation, a party to the merger or consolidation.] **THE**

1 ACQUISITION BY ONE CORPORATION, IN EXCHANGE SOLELY FOR
2 ALL OR A PART OF ITS VOTING STOCK OR IN EXCHANGE SOLELY
3 FOR ALL OR A PART OF THE VOTING STOCK OF A CORPORATION
4 WHICH IS IN CONTROL OF THE ACQUIRING CORPORATION, OR
5 SUBSTANTIALLY ALL OF THE PROPERTIES OF ANOTHER
6 CORPORATION. IN DETERMINING WHETHER THE EXCHANGE IS
7 SOLELY FOR STOCK, THE ASSUMPTION BY THE ACQUIRING
8 CORPORATION OF A LIABILITY OF THE OTHER SHALL BE
9 DISREGARDED;

10 “(D) A RECAPITALIZATION; OR

11 “(E) A REINCORPORATION.

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

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

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

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

30 “X X X.”

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

33 “SEC. 50. *[Allocation of Income and Deductions.* –In the case of two or
34 more organizations, trades or businesses (whether or not incorporated and whether

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

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

33 “FOR PURPOSES OF THIS SECTION, THE TERM ‘TAX
34 AVOIDANCE’ INCLUDES: (A) DIRECTLY OR INDIRECTLY

1 **ALTERING THE INCIDENCE OF ANY INCOME TAX; (B) DIRECTLY**
2 **OR INDIRECTLY EXEMPTING A PERSON FROM LIABILITY TO PAY**
3 **INCOME TAX OR FROM A POTENTIAL OR PROSPECTIVE LIABILITY**
4 **TO FUTURE INCOME TAX; OR (C) DIRECTLY OR INDIRECTLY**
5 **AVOIDING, POSTPONING, OR REDUCING ANY LIABILITY TO**
6 **INCOME TAX, OR ANY POTENTIAL OR PROSPECTIVE LIABILITY**
7 **TO FUTURE INCOME TAX. THERE IS TAX AVOIDANCE IN THE**
8 **AFOREMENTIONED INSTANCES WHERE THE TRANSACTION OR**
9 **ARRANGEMENT IS FOR THE PURPOSE OF OBTAINING A TAX**
10 **BENEFIT OR ADVANTAGE WITH NO COMMERCIAL REALITY OR**
11 **ECONOMIC EFFECT AND THE USE OF THE PROVISIONS OF TAX**
12 **LAWS ON SUCH TRANSACTION OR ARRANGEMENT WOULD NOT**
13 **HAVE BEEN THE INTENTION OF THE LAW.”**

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

16 “SEC. 73. *Distribution of Dividends or Assets by Corporations.* –

17 “(A) *Definition of Dividends.* – The term ‘dividends’ when used in this Title
18 means any distribution made by a corporation to its shareholders out of its earnings
19 or profits and payable to its shareholders, whether in money or in other property.

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

24 “(B) *Stock Dividend.* – A stock dividend representing the transfer of surplus
25 to capital account shall not be subject to tax. However, if a corporation cancels or
26 redeems stock issued as a dividend at such time and in such manner as to make the
27 distribution and cancellation or redemption, in whole or in part, essentially
28 equivalent to the distribution of a taxable dividend, the amount so distributed in
29 redemption or cancellation of the stock shall be considered as taxable income to the
30 extent that it represents a distribution of earnings or profits.

31 “(C) **LIQUIDATING DIVIDENDS.** – **LIQUIDATING DIVIDENDS**
32 **ARE DIVIDENDS REPRESENTING THE REMAINING GAINS**
33 **REALIZED OR LOSS SUSTAINED BY THE STOCKHOLDER IN A**
34 **COMPLETE LIQUIDATION OR DISSOLUTION BY A CORPORATION**

1 **AND SHALL BE CONSIDERED AS TAXABLE INCOME OR A**
2 **DEDUCTIBLE LOSS, AS THE CASE MAY BE.**

3 “[(C)] (D) *Dividends Distributed are Deemed Made from Most Recently*
4 *Accumulated Profits.* – Any distribution made to the shareholders or members of a
5 corporation shall be deemed to have been made from the most recently accumulated
6 profits or surplus, and shall constitute a part of the annual income of the distributee
7 for the year in which received.

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

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

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

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

33 “(B) *Cancellation of VAT Registration.* – A person whose registration has
34 been cancelled due to retirement from or cessation of business, or due to changes

1 in or cessation of status under Section 106(C) of this Code may, within two (2)
2 years from the date of cancellation, apply for [the issuance of a tax credit certificate
3 for any unused input tax which may be used in payment of his other internal
4 revenue taxes] **A REFUND.**

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

7 “SEC. 117. *Percentage Tax on Domestic Carriers and Keepers of Garages.*

8 – Cars for rent or hire driven by the lessee; transportation contractors, including
9 persons who transport passengers for hire, and other domestic carriers by land for
10 the transport of passengers (except **OWNERS OR OPERATORS OF**
11 **TRICYCLES OPERATING NOT MORE THAN TWO (2) UNITS**, owners of
12 bancas, and owners of animal-drawn two-wheeled vehicle), and keepers of garages
13 shall pay a tax equivalent to three percent (3%) of their quarterly gross receipts.

14 “x x x.”

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

17 “SEC. 204. *Authority of the Commissioner to Compromise, Abate and Refund*
18 *or Credit Taxes.* – The Commissioner may –

19 “(A) Compromise the payment of any internal revenue tax, when:

20 “(1) A reasonable doubt as to the validity of the claim against the taxpayer
21 exists; or

22 “(2) The financial position of the taxpayer demonstrates a clear inability to
23 pay the assessed tax.

24 “The compromise settlement of any tax liability shall be subject to the
25 following minimum amounts:

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

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

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

1 “x x x.”

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

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

6 “(a) x x x

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

15 “x x x.”

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

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

19 “(A) *Issuance.* – x x x

20 “Within five (5) years from the effectivity of this Act and upon the
21 establishment of a system capable of storing and processing the required data, the
22 Bureau shall require taxpayers engaged in the export of goods and services,
23 taxpayers engaged in e-commerce, and taxpayers under the jurisdiction of the Large
24 Taxpayers Service to issue **AND TRANSMIT** electronic receipts or sales or
25 commercial invoices [in lieu of manual receipts or sales or commercial invoices]
26 **THROUGH DESIGNATED ELECTRONIC CHANNELS WITH A PUBLIC**
27 **CERTIFICATION SYSTEM ACCREDITED BY THE BUREAU,** subject to
28 the rules and regulations to be issued by the Secretary of Finance upon
29 recommendation of the Commissioner [and after a] following a public hearing
30 [shall have been] held for this purpose: *Provided,* That taxpayers not covered by
31 the mandate of this provision may issue electronic receipts of sales or commercial
32 invoices in lieu of manual receipts or sales or commercial invoices: **PROVIDED,**
33 **FURTHER, SUBJECT TO THE RULES AND REGULATIONS TO BE**
34 **ISSUED BY THE SECRETARY OF FINANCE, UPON THE**

1 **RECOMMENDATION OF THE COMMISSIONER, THE BUREAU MAY**
2 **REQUIRE ANY TAXPAYER TO COMPLY WITH THE PROVISIONS OF**
3 **THIS SECTION.**

4 **“A PUBLIC CERTIFICATION SYSTEM SHALL REFER TO A**
5 **DIGITAL PERSONAL AUTHENTICATION PROGRAM WITH ABILITY**
6 **TO VERIFY THE IDENTITY OF ISSUING TAXPAYER AND ATTEST TO**
7 **THE AUTHENTICITY OF THE INFORMATION IN THE ELECTRONIC**
8 **RECEIPTS OR SALES OR COMMERCIAL INVOICES. THIS MAY**
9 **INCLUDE THE USE OF DIGITAL SIGNATURE ISSUED BY**
10 **CERTIFICATION AUTHORITY AS ACCREDITED BY THE BUREAU OF**
11 **INTERNAL REVENUE.**

12 **“A DESIGNATED ELECTRONIC CHANNEL SHALL REFER TO**
13 **ANY MEDIUM OR PORTAL IDENTIFIED BY THE BUREAU WITH AN**
14 **ABILITY TO RECEIVE THE TRANSACTION DATA OF THE**
15 **ELECTRONIC RECEIPTS OF SALES OR COMMERCIAL INVOICES**
16 **FOR ASSIGNMENT OF AN APPROVED ELECTRONIC TAX**
17 **TRANSACTION NUMBER.**

18 **“AN APPROVED TAX TRANSACTION NUMBER SHALL REFER**
19 **TO THE UNIQUE ASSIGNED SERVICE NUMBERS AND/OR LETTERS**
20 **LINKED TO A VALIDATED SALES TRANSACTION REPORTED**
21 **THROUGH THE DESIGNATED ELECTRONIC CHANNEL.**

22 **“The original of each receipt or invoice shall be issued to the purchaser,**
23 **customer, or client at the time the transaction is effected, who, if engaged in the**
24 **business or in the exercise of profession, shall keep and preserve the same in his**
25 **place of business for a period of three (3) years from the close of the taxable year**
26 **in which such invoice or receipt was issued, while the duplicate shall be kept and**
27 **preserved by the issuer, also in his place of business, for a like period: *Provided,***
28 **That in case of electronic receipts or sales or commercial invoices, digital record of**
29 **the same [shall be kept by the purchaser, customer or client and the issuer for the**
30 **same period above stated] BEARING THE APPROVED ELECTRONIC TAX**
31 **TRANSACTION NUMBER SHALL BE SUFFICIENT COMPLIANCE.**

32 **“The Commissioner may, in meritorious cases, exempt any person subject to**
33 **internal revenue tax from compliance with the provision of this Section.”**

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

3 "SEC. 237-A. *Electronic Sales Reporting System.* – Within five (5) years
4 from the effectivity of this Act and upon the establishment of a system capable of
5 storing and processing the required data, the Bureau shall require taxpayers
6 engaged in the export of goods and services, and taxpayers engaged in e-commerce
7 and taxpayers under the jurisdiction of the Large Taxpayers Service to **USE A**
8 **SYSTEM CAPABLE OF ISSUING ELECTRONIC RECEIPTS OR SALES**
9 **OR COMMERCIAL INVOICES, COLLECT TRANSACTION RECORDS,**
10 **AND TRANSMIT THE SAME THROUGH THE DESIGNATED**
11 **ELECTRONIC CHANNELS OF THE BUREAU IN THE STANDARD**
12 **FORMAT REQUIRED** [electronically report their sales data to the Bureau
13 through the use of electronic point of sales systems,] subject to the rules and
14 regulations to be issued by the Secretary of Finance upon recommendation of the
15 Commissioner of Internal Revenue: *Provided,* That the **POINT OF SALE (POS)**
16 **machines, VALUE-ADDED NETWORK (VAN) TERMINALS,** fiscal devices,
17 and fiscal memory devices **WITH CAPACITY TO MAKE SUCH**
18 **TRANSMISSION** shall be at the expense of the taxpayers: **PROVIDED,**
19 **FURTHER, THAT SUBJECT TO THE RULES AND REGULATIONS TO**
20 **BE ISSUED BY THE SECRETARY OF FINANCE, THE COMMISSIONER**
21 **MAY REQUIRE ANY TAXPAYER TO COMPLY WITH THE**
22 **PROVISIONS OF THIS SECTION.**

23 "IN YEAR ONE (1) TO YEAR FOUR (4) OF THE
24 IMPLEMENTATION PERIOD, A TAXPAYER WHO ADOPTS THE
25 REQUIRED SYSTEM SHALL BE GRANTED A TAX CREDIT OF 0.1% OF
26 THE PURCHASE VALUE, NET OF VALUE-ADDED TAX, FOR EVERY
27 ELECTRONIC RECEIPT OR SALE OR COMMERCIAL INVOICE
28 TRANSMITTED THROUGH THE DESIGNATED ELECTRONIC
29 CHANNELS OF THE BUREAU AND ISSUED AN ELECTRONIC TAX
30 TRANSACTION NUMBER.

31 "IN SUPPORT OF THE ELECTRONIC SALES REPORTING
32 SYSTEM, THE BUREAU OF INTERNAL REVENUE MAY GRANT TAX
33 INCENTIVES FOR ELECTRONICALLY TRACEABLE PAYMENTS
34 (ETP) IN THE FORM OF ALLOWABLE DEDUCTIBLE EXPENSE OF UP

1 **TO TEN PERCENT (10%) OF THE ETP MADE BY THE TAXPAYER. AN**
2 **ANNUAL LIMIT ON THE ALLOWED ETP DEDUCTIBLE EXPENSE PER**
3 **TAXPAYER MAY BE SET BY THE COMMISSIONER WITH THE**
4 **APPROVAL OF THE SECRETARY OF FINANCE.**

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

9 **“THE BUREAU MAY LIKEWISE ESTABLISH A RECEIPT AND**
10 **INVOICE LOTTERY PROGRAM FOR ELECTRONIC RECEIPTS OR**
11 **SALES OR COMMERCIAL INVOICES TRANSMITTED THROUGH THE**
12 **DESIGNATED ELECTRONIC CHANNELS OF THE BUREAU AND**
13 **ISSUE A CORRESPONDING ELECTRONIC TAX TRANSACTION**
14 **NUMBER.**

15 **“The data processing of sales and purchase data shall comply with the**
16 **provisions of Republic Act No. 10173, otherwise known as the ‘Data Privacy Act’**
17 **and Section 270 of the NIRC, as amended, on unlawful divulgence of taxpayer**
18 **information and such other laws relating to the confidentiality of information.**

19 **“The Bureau shall also establish policies, risk management approaches,**
20 **actions, trainings, and technologies to protect the cyber environment, organization,**
21 **and data in compliance with Republic Act No. 10175 or the ‘Cybercrime**
22 **Prevention Act of 2012.’ ”**

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

25 ***“SEC. 255. Failure to File Return, Supply Correct and Accurate Information,***
26 ***Pay Tax Withhold and Remit Tax and Refund Excess Taxes Withheld on***
27 ***Compensation. – Any person required under this Code or by rules and regulations***
28 ***promulgated thereunder to pay any tax, make a return, keep any record, or supply***
29 ***correct and accurate information, who willfully fails to pay such tax, make such***
30 ***return, keep such record, or supply correct and accurate information, or withhold***
31 ***or remit taxes withheld, or refund excess taxes withheld on compensation, at the***
32 ***time or times required by law or rules and regulations shall, in addition to other***
33 ***penalties provided by law, upon conviction thereof, be punished by a fine of not***
34 ***less than [Ten thousand pesos (P10,000)] ONE HUNDRED THOUSAND***

1 **PESOS (P100,000) BUT NOT MORE THAN ONE MILLION TWO**
2 **HUNDRED THOUSAND PESOS (P1,200,000)** and [suffer] imprisonment of
3 not less than one (1) year but not more than ten (10) years.

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

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

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

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

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

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

31 “(1) Willfully falsifies any report or statement bearing on any examination or
32 audit, or renders a report, including exhibits, statements, schedules or other forms
33 of accountancy work which has not been verified by him personally or under his

1 supervision or by a member of his firm or by a member of his staff in accordance
2 with sound auditing practices; or

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

6 “(B) Any person who:

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

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

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

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

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

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

19 “(7) Fails to keep the books of accounts or records mentioned in Section 232
20 in a native language, English or Spanish, or to make a true and complete translation
21 as required in Section 234 of this Code, or whose books of accounts or records kept
22 in a native language, English or Spanish, and found to be at material variance with
23 books or records kept by him in another language; or

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

1 “If the offender is a Certified Public Accountant, [his]**THE** certificate [as]
2 **OF BEING** a Certified Public Accountant shall be automatically revoked or
3 cancelled upon conviction.

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

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

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

24 SEC. 23. Section 261 of the National Internal Revenue Code of 1997, as amended, is
25 hereby amended to read as follows:

26 “SEC. 261. *Unlawful Use of Denatured Alcohol.* – Any person who for the
27 purpose of manufacturing any beverage, uses denatured alcohol or alcohol
28 specially denatured to be used for motive power or withdrawn under bond for
29 industrial uses or alcohol knowingly misrepresented to be denatured to be unfit for
30 oral intake or who knowingly sells or offers for sale any beverage made in whole
31 or in part from such alcohol or who uses such alcohol for the manufacture of liquid
32 medicinal preparations taken internally, or knowingly sells or offers for sale such
33 preparations containing as an ingredient such alcohol, shall upon conviction for
34 each act or omission be punished by a fine of not less than [Twenty thousand pesos

(P20,000) but not more than One hundred thousand pesos (P100,000)] **ONE MILLION FIVE HUNDRED THOUSAND PESOS (P1,500,000) BUT NOT MORE THAN FIFTEEN MILLION PESOS (P15,000,000)** and [suffer] imprisonment for a term of not less than six (6) years and one (1) day but not more than twelve (12) years.

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

SEC. 24. Section 263 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

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

“(a) XXX

“(b) XXX

“(c) XXX

“(d) XXX

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

“(F) **A FINE OF NOT LESS THAN FIFTEEN MILLION PESOS (P15,000,000) BUT NOT MORE THAN FIFTY MILLION PESOS (P50,000,000), AND IMPRISONMENT OF NOT LESS THAN TWELVE (12)**

1 YEARS AND ONE (1) DAY BUT NOT MORE THAN TWENTY (20)
2 YEARS, IF THE APPRAISED VALUE, TO BE DETERMINED IN THE
3 MANNER PRESCRIBED IN THE CUSTOMS MODERNIZATION AND
4 TARIFF ACT, INCLUDING DUTIES AND TAXES, OF THE ARTICLES IS
5 MORE THAN FIFTY MILLION PESOS (P50,000,000) BUT NOT MORE
6 THAN TWO HUNDRED MILLION PESOS (P200,000,000); OR

7 “(G) A FINE OF NOT LESS THAN FIFTY MILLION PESOS
8 (P50,000,000) AND IMPRISONMENT OF TWENTY (20) YEARS AND ONE
9 (1) DAY BUT NOT MORE THAN THIRTY (30) YEARS, IF THE
10 APPRAISED VALUE OF THE GOODS UNLAWFULLY IMPORTED TO
11 BE DETERMINED IN THE MANNER PRESCRIBED IN THE CUSTOMS
12 MODERNIZATION AND TARIFF ACT, INCLUDING DUTIES AND
13 TAXES, EXCEEDS TWO HUNDRED MILLION PESOS (P200,000,000) OR
14 IF THE AGGREGATE AMOUNT OF THE APPRAISED VALUE OF THE
15 GOODS WHICH ARE THE SUBJECT OF UNLAWFUL IMPORTATION
16 COMMITTED IN MORE THAN ONE INSTANCE, INCLUDING DUTIES
17 AND TAXES, EXCEEDS TWO HUNDRED MILLION PESOS
18 (P200,000,000).

19 “XXX

20 SEC. 25. Section 264 of the National Internal Revenue Code of 1997, as amended, is
21 hereby amended to read as follows:

22 “SEC. 264. *Failure or Refusal to Issue Receipts or Sales or Commercial*
23 *Invoices, Violations Related to the Printing of such Receipts or Invoices and Other*
24 *Violations.* –

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

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

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

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

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

9 SEC. 26. Section 266 of the National Internal Revenue Code of 1997, as amended, is
10 hereby amended to read as follows:

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

21 SEC. 27. Section 275 of the National Internal Revenue Code of 1997, as amended, is
22 hereby amended to read as follows:

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

30 SEC. 28. A new section is hereby inserted after Section 282 of the National Internal
31 Revenue Code of 1997, as amended, to read as follows:

32 “**SEC. 282-A. VIOLATION OF THE PROVISIONS OF THIS CODE**
33 **AMOUNTING TO ECONOMIC SABOTAGE. – ANY VIOLATION OF**
34 **SECTION 254 OF THIS CODE THAT UNDERMINES, WEAKENS OR**

1 **RENDERS INTO DISREPUTE THE ECONOMIC SYSTEM OR**
2 **VIABILITY OF THE COUNTRY OR TENDS TO BRING OUT SUCH**
3 **EFFECTS, IN LIEU OF THE PENALTY SET IN THE PRECEDING**
4 **PROVISIONS, SHALL CONSTITUTE ECONOMIC SABOTAGE, AND,**
5 **UPON CONVICTION FOR EACH ACT OR OMISSION, BE PUNISHED**
6 **BY A FINE OF NOT LESS THAN FIFTY MILLION PESOS (P50,000,000)**
7 **AND IMPRISONMENT OF TWELVE (12) YEARS AND ONE (1) DAY BUT**
8 **NOT MORE THAN TWENTY (20) YEARS.”**

9 SEC. 29. Section 290 of the National Internal Revenue Code of 1997, as amended, is
10 hereby further amended to read as follows:

11 **“SEC. 290. *Congressional Oversight Committee.* –**

12 **“A Congressional Oversight Committee, hereinafter referred to as the**
13 **Committee, is hereby constituted in accordance with the provisions of this Code.**
14 **The Committee shall be composed of the [Chairmen] CHAIRPERSONS of the**
15 **Committee on Ways and Means of the Senate and House of representatives...x x x**

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

17 **“(1) x x x;**

18 **“(2) x x x;**

19 **“(3) x x x; [and]**

20 **“(4) x x x[.];**

21 **“(5) REVIEW THE PERFORMANCE OF INVESTMENT**
22 **PROMOTION AGENCIES AND THE FISCAL INCENTIVES REVIEW**
23 **BOARD; AND**

24 **“(6) EVALUATE THE EFFECTIVENESS OF THE INCENTIVES**
25 **GRANTED TO REGISTERED ENTERPRISES AND THE**
26 **FORMULATION OF THE STRATEGIC INVESTMENT PRIORITY**
27 **PLAN.**

28 **“x x x.”**

29 SEC. 30. A new Title XIII shall be inserted, to read as follows:

30 **“TITLE XIII**

31 **TAX INCENTIVES**

32 **“CHAPTER I**

33 **“GENERAL PROVISIONS ON TAX INCENTIVES**

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

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

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

17 **“SALES RECEIPTS AND OTHER INCOME DERIVED FROM NON-**
18 **REGISTERED ACTIVITY OR PROJECT SHALL BE SUBJECT TO**
19 **APPROPRIATE TAXES UNDER THIS CODE.**

20 **“UNLESS OTHERWISE PROVIDED IN THIS CODE, DIRECT**
21 **EXPORTS ARE SUBJECT TO VALUE-ADDED TAX (VAT) ZERO-**
22 **RATING AND DOMESTIC SALES ARE SUBJECT TO THE REGULAR**
23 **VALUE-ADDED TAX RATE.**

24 **“SEC. 293. *DEFINITIONS.* – WHEN USED IN THIS TITLE:**

25 **“(A) *CAPITAL EQUIPMENT* REFERS TO MACHINERY,**
26 **EQUIPMENT, MAJOR COMPONENTS THEREOF, FITTINGS AND**
27 **ACCOMPANIMENTS WHICH ARE DIRECTLY AND REASONABLY**
28 **NEEDED IN THE REGISTERED ACTIVITY OF THE REGISTERED**
29 **ENTERPRISE.**

30 **“(B) *EXPORT SALES OF GOODS* REFER TO THE SALES OF AN**
31 **EXPORT ENTERPRISE PAID FOR IN FREELY CONVERTIBLE**
32 **FOREIGN CURRENCY INWARDLY REMITTED TO THE PHILIPPINES,**
33 **FROM THE FOLLOWING:**

1 “(1) THE SALE AND ACTUAL SHIPMENT OF GOODS FROM THE
2 PHILIPPINES TO A FOREIGN COUNTRY BY AN EXPORT
3 ENTERPRISE INCLUDING OUTSOURCE SERVICES USED TO
4 PRODUCE FINAL EXPORT GOODS;

5 “(2) SALES TO DIPLOMATIC MISSIONS AND INSTITUTIONS
6 COVERED BY INTERNATIONAL TREATY;

7 “(3) SALES OF AN EXPORT ENTERPRISE TO AN
8 INTERNATIONAL SEA OR AIR TRANSPORT OPERATIONS OF
9 GOODS, EQUIPMENT, SPARE PARTS, AND SUPPLIES, EXCEPT FUEL,
10 FORMING PART OF DIRECT COSTS AND TO BE USED IN THE
11 AIRCRAFT OR SEACRAFT, AND CAPITAL EQUIPMENT NEEDED FOR
12 THE SHIPPING OR AIR TRANSPORT OPERATIONS.

13 “(C) *EXPORT SALES OF SERVICES* REFER TO THE SALES OF AN
14 EXPORT ENTERPRISE, PAID FOR IN FREELY CONVERTIBLE
15 FOREIGN CURRENCY INWARDLY REMITTED TO THE PHILIPPINES,
16 FOR THE FOLLOWING:

17 “(1) SERVICES RENDERED TO NON-RESIDENT FOREIGN
18 CLIENTS BY EXPORT ENTERPRISES;

19 “(2) SERVICES RENDERED TO DIPLOMATIC MISSIONS AND
20 INSTITUTIONS COVERED BY INTERNATIONAL TREATY;

21 “(3) SERVICES FOR THE OVERHAUL, REPAIR, AND
22 MAINTENANCE OF INTERNATIONAL SHIPPING, OR AIR
23 TRANSPORT OPERATIONS.

24 “(D) *INVESTMENT PROMOTION AGENCIES (IPAS)* REFER TO
25 GOVERNMENT ENTITIES CREATED BY LAW, EXECUTIVE ORDER,
26 DECREE OR OTHER ISSUANCE, IN CHARGE OF PROMOTING
27 INVESTMENTS, ADMINISTERING TAX AND NON-TAX INCENTIVES,
28 AND OVERSEEING THE OPERATIONS OF THE DIFFERENT
29 ECONOMIC ZONES AND FREEPORTS IN ACCORDANCE WITH
30 THEIR RESPECTIVE CHARTERS. THESE INCLUDE THE BOARD OF
31 INVESTMENTS (BOI), REGIONAL BOARD OF INVESTMENTS
32 AUTONOMOUS REGION IN MUSLIM MINDANAO (RBOI-ARMM),
33 PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA), BASES
34 CONVERSION AND DEVELOPMENT AUTHORITY (BCDA), SUBIC

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

12 “(E) *REGISTERED ENTERPRISE* REFERS TO ANY INDIVIDUAL,
13 PARTNERSHIP, CORPORATION, PHILIPPINE BRANCH OF A
14 FOREIGN CORPORATION, OR OTHER ENTITY ORGANIZED AND
15 EXISTING UNDER PHILIPPINE LAWS AND REGISTERED WITH AN
16 INVESTMENT PROMOTION AGENCY (IPA) AS DEFINED UNDER
17 REPUBLIC ACT NO. 10708, OR THE TAX INCENTIVES MANAGEMENT
18 AND TRANSPARENCY ACT (TIMTA) LAW, EXCLUDING SERVICE
19 ENTERPRISES SUCH AS THOSE ENGAGED IN CUSTOMS
20 BROKERAGE, TRUCKING OR FORWARDING SERVICES,
21 JANITORIAL SERVICES, SECURITY SERVICES, INSURANCE,
22 BANKING, AND OTHER FINANCIAL SERVICES, CONSUMERS’
23 COOPERATIVES, CREDIT UNIONS, CONSULTANCY SERVICES,
24 RETAIL ENTERPRISES, RESTAURANTS, OR SUCH OTHER SIMILAR
25 SERVICES, AS MAY BE DETERMINED BY THE IPA BOARD,
26 IRRESPECTIVE OF LOCATION, WHETHER INSIDE OR OUTSIDE THE
27 ZONES, DULY ACCREDITED OR LICENSED BY ANY OF THE IPAS
28 AND WHOSE INCOME DELIVERED WITHIN THE ECONOMIC ZONES
29 SHALL BE SUBJECT TO TAXES UNDER THE NATIONAL INTERNAL
30 REVENUE CODE OF 1997, AS AMENDED.

31 “(F) *SPECIAL ECONOMIC ZONE OR ECOZONE* REFERS TO A
32 SELECTED AREA, WHICH SHALL BE OPERATED AND MANAGED AS
33 A SEPARATE CUSTOMS TERRITORY THAT IS HIGHLY DEVELOPED
34 OR HAS THE POTENTIAL TO BE DEVELOPED INTO AN AGRO-

1 INDUSTRIAL, INDUSTRIAL, INFORMATION TECHNOLOGY, OR
2 TOURIST/RECREATIONAL AREA, WHOSE METES AND BOUNDS
3 ARE FIXED OR DELIMITED BY PRESIDENTIAL PROCLAMATIONS
4 AND WITHIN A SPECIFIC GEOGRAPHICAL AREA: *PROVIDED*, THAT
5 FOR THE ECOZONE TO QUALIFY AS A SEPARATE CUSTOMS
6 TERRITORY, AN ECOZONE SHALL HAVE A PERMANENT CUSTOMS
7 CONTROL OR CUSTOMS OFFICE AT ITS PERIMETER AND MAY
8 CONTAIN ANY OR ALL OF THE FOLLOWING: INDUSTRIAL
9 ESTATES (IES), EXPORT PROCESSING ZONES (EPZS), ICT PARKS
10 AND CENTERS, AND FREE TRADE ZONES: *PROVIDED, HOWEVER*,
11 THAT AREAS WHERE MINING EXTRACTION IS UNDERTAKEN
12 SHALL NOT BE DECLARED AS AN ECOZONE: *PROVIDED, FURTHER*,
13 THAT VERTICAL ECONOMIC ZONES, SUCH AS, BUT NOT LIMITED
14 TO, BUILDINGS, SELECTED FLOORS WITHIN BUILDINGS, AND
15 SELECTED AREAS ON A FLOOR, NEED TO COMPLY WITH THE
16 MINIMUM CONTIGUOUS LAND AREA AS DETERMINED BY THE
17 FISCAL INCENTIVES REVIEW BOARD (FIRB).

18 “(G) *FREEPORT ZONES* REFERS TO AN ISOLATED AND POLICED
19 AREA ADJACENT TO A PORT OF ENTRY, WHICH SHALL BE
20 OPERATED AND MANAGED AS A SEPARATE CUSTOMS TERRITORY
21 TO ENSURE FREE FLOW OR MOVEMENT OF GOODS, EXCEPT
22 THOSE EXPRESSLY PROHIBITED BY LAW, WITHIN, INTO, AND
23 EXPORTED OUT OF THE FREEPORT ZONE WHERE IMPORTED
24 GOODS MAY BE UNLOADED FOR IMMEDIATE TRANSSHIPMENT OR
25 STORED, REPACKED, SORTED, MIXED, OR OTHERWISE
26 MANIPULATED WITHOUT BEING SUBJECT TO IMPORT DUTIES.
27 HOWEVER, MOVEMENT OF THESE IMPORTED GOODS FROM THE
28 FREE-TRADE AREA TO A NON-FREE TRADE AREA IN THE
29 COUNTRY SHALL BE SUBJECT TO ALL APPLICABLE INTERNAL
30 REVENUE TAXES AND DUTIES: *PROVIDED*, THAT FOR THE
31 FREEPORT TO QUALIFY AS A SEPARATE CUSTOMS TERRITORY, A
32 FREEPORT SHALL HAVE A PERMANENT CUSTOMS CONTROL OR
33 CUSTOMS OFFICE AT ITS PERIMETER.

34 “CHAPTER II

1 **“TAX AND DUTY INCENTIVES**

2 **“SEC. 294. INCENTIVES. – REGISTERED PROJECTS OR**
3 **ACTIVITIES UNDER THE STRATEGIC INVESTMENT PRIORITY**
4 **PLAN SHALL BE QUALIFIED TO ANY OF THE FOLLOWING**
5 **INCENTIVES:**

6 **“(A) INCOME TAX INCENTIVES**

7 **“(1) INCOME TAX HOLIDAY (ITH). – THE ITH SHALL BE**
8 **GRANTED FOR A PERIOD NOT EXCEEDING THREE (3) YEARS:**
9 ***PROVIDED*, THAT AFTER THE EXPIRATION OF THE ITH, THE**
10 **FOLLOWING INCENTIVES MAY BE APPLIED FOR A PERIOD NOT**
11 **EXCEEDING FIVE (5) YEARS, WHICH INCLUDES THE PERIOD OF**
12 **ITH AVAILMENT, EXCEPT THOSE PROVIDED UNDER SECTIONS**
13 **294(7) and (9), 295, 296, AND 297.**

14 **“(2) REDUCED CORPORATE INCOME TAX. – A REDUCED TAX**
15 **RATE OF EIGHTEEN PERCENT (18%) OF THE TAXABLE INCOME AS**
16 **DEFINED UNDER SECTION 31 OF THIS CODE EFFECTIVE JANUARY**
17 **1, 2020: *PROVIDED*, THAT THE RATE OF CORPORATE INCOME TAX**
18 **SHALL BE SEVENTEEN PERCENT (17%) BEGINNING JANUARY 1,**
19 **2021; SIXTEEN PERCENT (16%) BEGINNING JANUARY 1, 2023;**
20 **FIFTEEN PERCENT (15%) BEGINNING JANUARY 1, 2025; FOURTEEN**
21 **PERCENT (14%) BEGINNING JANUARY 1, 2027; AND THIRTEEN**
22 **PERCENT (13%) BEGINNING JANUARY 1, 2029: *PROVIDED*,**
23 ***FURTHER*, THAT IN THE CASE OF REGISTERED ENTERPRISES**
24 **WITHIN ECONOMIC ZONES AND FREEPORTS, THE TAX SHALL BE**
25 **DIRECTLY REMITTED AS FOLLOWS:**

26 **“FIFTEEN PERCENT (15%) TO THE NATIONAL GOVERNMENT**
27 **IN 2020; FOURTEEN PERCENT (14%) TO THE NATIONAL**
28 **GOVERNMENT IN 2021 AND 2022; THIRTEEN PERCENT (13%) TO**
29 **THE NATIONAL GOVERNMENT IN 2023 AND 2024; TWELVE**
30 **PERCENT (12%) TO THE NATIONAL GOVERNMENT IN 2025 AND**
31 **2026; ELEVEN PERCENT (11%) TO THE NATIONAL GOVERNMENT IN**
32 **2027 AND 2028; AND TEN PERCENT (10%) TO THE NATIONAL**
33 **GOVERNMENT IN 2029 AND THEREAFTER;**

1 **“ONE POINT FIVE PERCENT (1.5%) TO THE TREASURER’S**
2 **OFFICE OF THE PROVINCE WHERE THE ENTERPRISE IS LOCATED,**
3 **IN LIEU OF THE LOCAL BUSINESS TAX;**

4 **“ONE POINT FIVE PERCENT (1.5%) TO THE TREASURER’S**
5 **OFFICE OF THE MUNICIPALITY OR COMPONENT CITY WHERE**
6 **THE ENTERPRISE IS LOCATED, IN LIEU OF THE LOCAL BUSINESS**
7 **TAX;**

8 **“*PROVIDED*, THAT IF THE ENTERPRISE IS UNDER THE**
9 **JURISDICTION OF A HIGHLY URBANIZED CITY (HUC) OR**
10 **INDEPENDENT COMPONENT CITY (ICC), THE THREE PERCENT**
11 **(3%) SHARE OF THE LGU SHALL BE DIRECTLY REMITTED TO THE**
12 **TREASURER’S OFFICE OF THE HUC OR ICC.**

13 **“(3) DEPRECIATION ALLOWANCE OF THE ASSETS ACQUIRED**
14 **FOR THE ENTITY’S PRODUCTION OF GOODS AND SERVICES**
15 **(QUALIFIED CAPITAL EXPENDITURE) – TEN PERCENT (10%) FOR**
16 **BUILDINGS; AND TWENTY PERCENT (20%) FOR MACHINERIES**
17 **AND EQUIPMENT: *PROVIDED*, THAT DEPRECIATION MAY BE**
18 **COMPUTED USING ACCELERATED DEPRECIATION METHOD ON A**
19 **RATE NOT EXCEEDING TWICE THE RATE WHICH WOULD HAVE**
20 **BEEN USED HAD THE ANNUAL ALLOWANCE BEEN COMPUTED IN**
21 **ACCORDANCE WITH THE RULES AND REGULATIONS PRESCRIBED**
22 **BY THE SECRETARY OF FINANCE AND THE PROVISIONS OF THE**
23 **NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED:**
24 ***PROVIDED, FURTHER*, THAT THE ASSETS ARE ACQUIRED**
25 **DIRECTLY FOR THE REGISTERED ENTERPRISE’S PRODUCTION OF**
26 **GOODS AND SERVICES OTHER THAN ADMINISTRATIVE AND**
27 **OTHER SUPPORT SERVICES.**

28 **“(4) UP TO FIFTY PERCENT (50%) ADDITIONAL DEDUCTION ON**
29 **THE LABOR EXPENSE IN THE TAXABLE YEAR AS A CONSEQUENCE**
30 **OF AN INCREASE IN DIRECT LOCAL EMPLOYMENT: *PROVIDED*,**
31 **THAT THIS DOES NOT INCLUDE INDIRECT LABOR, SALARIES AND**
32 **WAGES, AND OTHER PERSONNEL COSTS INCURRED FOR**
33 **ADMINISTRATIVE AND OTHER SUPPORT SERVICES.**

1 “(5) UP TO ONE HUNDRED PERCENT (100%) ADDITIONAL
2 DEDUCTION ON THE INCREMENT OF RESEARCH AND
3 DEVELOPMENT INCURRED IN THE TAXABLE YEAR: *PROVIDED*,
4 THAT IT IS DIRECTLY RELATED TO THE REGISTERED
5 ACTIVITY/IES OF THE ENTITY.

6 “(6) UP TO ONE HUNDRED PERCENT (100%) ADDITIONAL
7 DEDUCTION ON TRAININGS INCURRED: *PROVIDED*, THAT IT IS
8 GIVEN TO THE EMPLOYEES ENGAGED DIRECTLY IN THE
9 ENTITY’S PRODUCTION OF GOODS AND SERVICES: *PROVIDED*,
10 *FURTHER*, THAT THE CONCERNED IPA HAS ISSUED A
11 CORRESPONDING CERTIFICATE OF ENTITLEMENT UPON
12 APPLICATION, AND A CERTIFICATE OF APPROVAL AFTER A
13 REVIEW OF DOCUMENTATION OF TRAININGS SUBMITTED BY THE
14 ENTERPRISE AT THE END OF THE TAXABLE YEAR, OTHERWISE,
15 THIS INCENTIVE SHALL BE DEEMED WAIVED.

16 “(7) UP TO ONE HUNDRED PERCENT (100%) DEDUCTION ON
17 INFRASTRUCTURE DEVELOPMENT. – REGISTERED ENTERPRISES
18 ESTABLISHING THEIR ACTIVITY IN AN AREA THAT THE
19 STRATEGIC INVESTMENT PRIORITY PLAN (SIPP) DESIGNATES
20 AS NECESSARY FOR COUNTRYWIDE DEVELOPMENT OR IN AN
21 AREA FOUND TO BE DEFICIENT IN INFRASTRUCTURE, PUBLIC
22 UTILITIES, AND OTHER FACILITIES, SUCH AS IRRIGATION,
23 DRAINAGE, OR OTHER SIMILAR WATERWORKS
24 INFRASTRUCTURE MAY DEDUCT FROM THE GROSS INCOME AN
25 AMOUNT EQUIVALENT TO UP TO ONE HUNDRED PERCENT
26 (100%) OF NECESSARY AND MAJOR INFRASTRUCTURE WORKS IT
27 MAY HAVE UNDERTAKEN WITH THE PRIOR APPROVAL AND
28 RECOMMENDATION OF THE IPA CONCERNED: *PROVIDED*, THAT
29 THE INFRASTRUCTURE SHALL BE OPEN FOR USE BY THE
30 GENERAL PUBLIC: *PROVIDED*, *FURTHER*, THAT THE TITLE TO ALL
31 SUCH INFRASTRUCTURE WORKS SHALL UPON COMPLETION, BE
32 TRANSFERRED TO THE PHILIPPINE GOVERNMENT: *PROVIDED*,
33 *FINALLY*, THAT ANY AMOUNT NOT DEDUCTED FOR A
34 PARTICULAR YEAR MAY BE CARRIED OVER FOR DEDUCTION FOR

1 SUBSEQUENT YEARS NOT EXCEEDING FIVE (5) YEARS FROM
2 COMMERCIAL OPERATION.

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

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

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

27 “*PROVIDED*, THAT IN LIEU OF THE ITH UNDER SECTION 294(A)
28 (1) OR THE REDUCED TAX RATE OF EIGHTEEN PERCENT (18%)
29 UNDER SECTION 294(A)(2), THE TAX INCENTIVES UNDER SECTION
30 294(A)(3), (4), (5), (6), (7), (8), (9), AND (10) MAY BE GRANTED ON AN
31 INDUSTRY-SPECIFIC BASIS AS DETERMINED BY THE BOI IN THE
32 STRATEGIC INVESTMENT PRIORITY PLAN. THE BOI SHALL
33 PRESCRIBE THE LEVEL OF ADDITIONAL DEDUCTION FOR
34 SELECTED INDUSTRIES.

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

5 ***“(B) EXEMPTION FROM CUSTOMS DUTY ON IMPORTATION OF***
6 ***CAPITAL EQUIPMENT AND RAW MATERIALS DIRECTLY AND***
7 ***EXCLUSIVELY USED IN THE REGISTERED ACTIVITY BY***
8 ***REGISTERED ENTERPRISES: PROVIDED, THAT THE FIVE (5) YEAR-***
9 ***LIMIT IN THIS SUBSECTION SHALL NOT APPLY TO FREEPORT***
10 ***ZONES AS DEFINED UNDER THIS TITLE.***

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

14 ***“(1) THE ACTIVITY IS STILL COVERED BY THE STRATEGIC***
15 ***INVESTMENT PRIORITY PLAN (SIPP) OR IS AN INNOVATION***
16 ***PROJECT AS DEFINED IN THE STRATEGIC INVESTMENT PRIORITY***
17 ***PLAN;***

18 ***“(2) CUSTOMS DUTY EXEMPTION WILL ONLY APPLY ON THE***
19 ***INCREMENTAL PORTION OF THE ACTIVITY; AND***

20 ***“(3) THE CUSTOMS DUTY EXEMPTION EXTENSION SHALL NOT***
21 ***EXCEED FIVE (5) YEARS.***

22 ***“(C) VALUE-ADDED TAX (VAT)***

23 ***“(1) REGISTERED ENTERPRISES WHOSE EXPORT SALES MEET***
24 ***THE NINETY PERCENT (90%) THRESHOLD AND ARE LOCATED***
25 ***WITHIN AN ECOZONE, FREEPORT, OR THOSE UTILIZING***
26 ***CUSTOMS BONDED MANUFACTURING WAREHOUSE: VAT***
27 ***EXEMPTION ON IMPORTATION AND VAT ZERO-RATING ON***
28 ***DOMESTIC PURCHASES OF CAPITAL EQUIPMENT AND RAW***
29 ***MATERIALS USED IN THE MANUFACTURING AND PROCESSING OF***
30 ***PRODUCTS AND IMPORTATION OF SOURCE DOCUMENTS SHALL***
31 ***APPLY.***

32 ***“(2) REGISTERED ENTERPRISES WHOSE EXPORT SALES ARE***
33 ***BELOW THE NINETY PERCENT (90%) THRESHOLD AND ARE***
34 ***LOCATED WITHIN AN ECOZONE, FREEPORT, OR THOSE***

1 UTILIZING CUSTOMS BONDED MANUFACTURING WAREHOUSE:
2 VAT EXEMPTION ON IMPORTATION AND VAT ZERO-RATING ON
3 DOMESTIC PURCHASES OF CAPITAL EQUIPMENT AND RAW
4 MATERIALS USED IN THE MANUFACTURING AND PROCESSING OF
5 PRODUCTS AND IMPORTATION OF SOURCE DOCUMENTS:
6 *PROVIDED*, THAT THEY COMPLY WITH THE ELECTRONIC
7 RECEIPTS OR INVOICING UNDER SECTIONS 237 AND 237-A OF THIS
8 CODE.

9 “(3) REGISTERED ENTERPRISES WHOSE EXPORT SALES ARE
10 BELOW NINETY PERCENT (90%) OR ARE LOCATED OUTSIDE AN
11 ECOZONE OR FREEPORT REGARDLESS OF EXPORT SALES
12 THRESHOLD: THE VALUE-ADDED TAX PROVISION IN TITLE IV OF
13 THIS CODE AND SECTION 307 OF THIS ACT SHALL APPLY.

14 “FOR THIS PURPOSE, PROCESSING REFERS TO THE
15 CONVERSION OF RAW MATERIALS INTO MARKETABLE FORM
16 THROUGH PHYSICAL, MECHANICAL, CHEMICAL, ELECTRICAL,
17 BIOCHEMICAL, BIOLOGICAL, OR OTHER MEANS, OR BY A
18 SPECIAL TREATMENT OR A SERIES OF ACTIONS, SUCH AS
19 SLAUGHTERING, MILLING, PASTEURIZING, DRYING, OR
20 DESICCATING, QUICK FREEZING, THAT RESULTS IN A CHANGE IN
21 THE NATURE OR STATE OF A PRODUCT. MERE PACKING OR
22 PACKAGING SHALL NOT CONSTITUTE PROCESSING.

23 “SOURCE DOCUMENTS REFER TO INPUT MATERIALS AND
24 DOCUMENTS REASONABLY NEEDED BY LT. AND LT.-ENABLED
25 INDUSTRIES SUCH AS BOOKS, DIRECTORIES, MAGAZINES,
26 NEWSPAPERS, BROCHURES, PAMPHLETS, MEDICAL RECORDS OR
27 FILES, LEGAL RECORDS OR FILES, INSTRUCTION MATERIALS,
28 AND DRAWINGS, BLUEPRINTS, OR OUTLINES.

29 “SEC. 295. *INCENTIVES FOR AGRIBUSINESS*. – AGRIBUSINESS
30 PROJECTS OR ACTIVITIES OF REGISTERED ENTERPRISES
31 LOCATED OUTSIDE METRO MANILA AND OTHER URBAN AREAS
32 AS IDENTIFIED IN THE STRATEGIC INVESTMENT PRIORITY PLAN
33 SHALL BE ENTITLED TO ADDITIONAL TWO (2) YEARS OF

1 INCENTIVE UNDER SECTION 294, OF WHICH ONE (1) YEAR MAY BE
2 AN ADDITIONAL YEAR OF INCOME TAX HOLIDAY.

3 “SEC. 296. *PROJECTS OR ACTIVITIES LOCATED IN LESS*
4 *DEVELOPED AREAS OR THOSE RECOVERING FROM ARMED*
5 *CONFLICT OR A MAJOR DISASTER.* – PROJECTS OR ACTIVITIES OF
6 REGISTERED ENTERPRISES LOCATING IN LESS DEVELOPED
7 AREAS AS IDENTIFIED IN THE STRATEGIC INVESTMENT PRIORITY
8 PLAN, OR THOSE RECOVERING FROM ARMED CONFLICT OR A
9 MAJOR DISASTER AS DETERMINED BY THE OFFICE OF THE
10 PRESIDENT SHALL BE ENTITLED TO ADDITIONAL TWO (2) YEARS
11 OF INCENTIVE UNDER SECTION 294, OF WHICH ONE (1) YEAR MAY
12 BE AN ADDITIONAL YEAR OF INCOME TAX HOLIDAY.

13 “SEC. 297. *RELOCATION PROJECTS OR ACTIVITIES.* – PRIOR TO
14 THE EFFECTIVITY OF THIS ACT, REGISTERED PROJECTS OR
15 ACTIVITIES RELOCATING FROM METRO MANILA AND SELECTED
16 URBANIZED AREAS ADJACENT TO METRO MANILA TO OTHER
17 AREAS OF THE COUNTRY SHALL BE ENTITLED TO ADDITIONAL
18 TWO (2) YEARS OF INCENTIVE UNDER SECTION 294, OF WHICH
19 ONE (1) YEAR MAY BE AN ADDITIONAL YEAR OF INCOME TAX
20 HOLIDAY.

21 “CHAPTER III

22 “THE FISCAL INCENTIVES REVIEW BOARD

23 “SEC. 298. *EXPANDED FUNCTIONS OF THE FISCAL INCENTIVES*
24 *REVIEW BOARD.* – THE FUNCTIONS AND POWERS OF THE FISCAL
25 INCENTIVES REVIEW BOARD OR FISCAL INCENTIVES REVIEW
26 BOARD (FIRB) CREATED UNDER PRESIDENTIAL DECREE (PD) NO.
27 776, AS AMENDED BY PD NO. 1931 AND PD NO. 1955, OFFICE OF THE
28 PRESIDENT MEMORANDUM ORDER NO. 23, SERIES OF 1986 AND
29 EXECUTIVE ORDER NO. 93, SERIES OF 1986, SHALL BE EXPANDED
30 AS FOLLOWS:

31 “(A) TO EXERCISE OVERSIGHT FUNCTIONS OVER IPAS.

32 “(B) TO REQUIRE THE IPAS TO SUBMIT THE FOLLOWING:

33 “(1) LIST OF REGISTERED ENTERPRISES ANNUALLY WITH
34 CORRESPONDING FIRM-LEVEL DATA AS MANDATED UNDER THE

1 **TAX INCENTIVES MANAGEMENT AND TRANSPARENCY ACT OR**
2 **TIMTA LAW;**

3 **“(2) APPROVED AMOUNT OF INVESTMENTS AND**
4 **EMPLOYMENT GENERATION AND OTHER BENEFITS ON A FIRM-**
5 **LEVEL BASIS ANNUALLY; AND**

6 **“(3) APPROVED AMOUNT OF TAX INCENTIVES, BOTH INCOME**
7 **AND NON-INCOME TAX BASED INCENTIVES, ON A FIRM-LEVEL**
8 **BASIS ANNUALLY.**

9 **“(C) FOR PROJECTS OR ACTIVITIES THAT POSE RISK TO THE**
10 **ENVIRONMENT, HEALTH, AND ECONOMIC STABILITY AND**
11 **PROJECTS OR ACTIVITIES THE APPROVAL OF WHICH**
12 **ENCOUNTERS A DEADLOCK IN THE IPAS BOARD, THE FISCAL**
13 **INCENTIVES REVIEW BOARD (FIRB) SHALL:**

14 **“(1) FORMULATE POLICIES ON TAX INCENTIVES IN**
15 **ACCORDANCE WITH THE PROVISIONS OF THIS CODE;**

16 **“(2) REVIEW IPAS’ COMPLIANCE WITH THE POLICIES SET**
17 **FORTH IN THIS CODE: *PROVIDED*, THAT THE FISCAL INCENTIVES**
18 **REVIEW BOARD (FIRB) MAY CANCEL OR SUSPEND THE POWER OF**
19 **IPAS TO GRANT INCENTIVES FOR VIOLATIONS OF SUCH POLICIES;**

20 **“(3) APPROVE THE GRANT OF INCENTIVES ON THE ABOVE**
21 **INSTANCES; AND**

22 **“(4) SUSPEND OR CANCEL ON THE ABOVE INSTANCES THE**
23 **TAX INCENTIVES GRANTED TO REGISTERED ENTERPRISES**
24 **WHICH ARE NOT COMPLIANT WITH THE CONDITIONS ON THE**
25 **AVAILMENT OF TAX INCENTIVES AS WELL AS THE POLICIES SET**
26 **FORTH BY THE IPAS.**

27 **“(D) PUBLISH THE NAMES OF THE REGISTERED ENTERPRISES**
28 **OR BENEFICIARIES OF TAX INCENTIVES WITH APPROVED**
29 **ESTIMATED AMOUNT OF THE CORRESPONDING TAX INCENTIVES.**

30 **“(E) GRANT TAX SUBSIDIES TO GOVERNMENT -OWNED -OR**
31 **CONTROLLED CORPORATIONS (GOCCS), GOVERNMENT**
32 **INSTRUMENTALITIES (GIS), GOVERNMENT COMMISSARIES, AND**
33 **STATE UNIVERSITIES AND COLLEGES (SUCS) AS MAY BE**
34 **PROVIDED UNDER THE ANNUAL GENERAL APPROPRIATIONS ACT.**

1 ***“PROVIDED, THAT, AS CHAIR OF THE FISCAL INCENTIVES***
2 ***REVIEW BOARD (FIRB) AND AS THE CUSTODIAN OF FISCAL***
3 ***PRUDENCE AND RESPONSIBILITY, THE SECRETARY OF FINANCE***
4 ***SHALL EXERCISE OVERSIGHT FUNCTIONS AND SHALL HAVE***
5 ***VETO POWER OVER THE APPROVAL AND CANCELLATION OF TAX***
6 ***INCENTIVES UNDER SECTION 298 (C).***

7 ***“PROVIDED, FURTHER, THAT THE SECRETARY OF FINANCE***
8 ***SHALL AUTOMATICALLY BE THE CO-CHAIR OF ALL THE***
9 ***EXISTING AND FUTURE IPAS.***

10 ***“PROVIDED, FINALLY, THAT THE NATIONAL ECONOMIC AND***
11 ***DEVELOPMENT AUTHORITY (NEDA) AND THE DEPARTMENT OF***
12 ***TRADE AND INDUSTRY (DTI) SHALL BE MEMBERS OF ALL THE***
13 ***EXISTING AND FUTURE IPAS.***

14 ***“SEC. 299. COMPOSITION OF THE FISCAL INCENTIVES REVIEW***
15 ***BOARD (FIRB). – THE FIRB SHALL BE RECONSTITUTED AS FOLLOWS:***

16 ***“BOARD PROPER:***

17 ***“CHAIRPERSON – SECRETARY OF FINANCE***

18 ***“MEMBERS – SECRETARY OF TRADE AND INDUSTRY***

19 ***– DIRECTOR GENERAL OF THE NATIONAL***
20 ***ECONOMIC AND DEVELOPMENT***
21 ***AUTHORITY (NEDA)***

22 ***– SECRETARY OF BUDGET AND***
23 ***MANAGEMENT***

24 ***– EXECUTIVE SECRETARY OF THE OFFICE***
25 ***OF THE PRESIDENT***

26 ***“TECHNICAL COMMITTEE:***

27 ***“CHAIRPERSON – UNDERSECRETARY OF FINANCE***

28 ***“MEMBERS – UNDERSECRETARY OF TRADE AND***
29 ***INDUSTRY AND BOARD OF INVESTMENTS***
30 ***MANAGING HEAD***

31 ***– UNDERSECRETARY OF BUDGET AND***
32 ***MANAGEMENT***

33 ***– DEPUTY DIRECTOR GENERAL OF THE***
34 ***NATIONAL ECONOMIC AND***

1 **DEVELOPMENT AUTHORITY**

- 2 – **COMMISSIONER OF INTERNAL REVENUE**
3 – **COMMISSIONER OF CUSTOMS**
4 – **EXECUTIVE DIRECTOR OF THE**
5 **NATIONAL TAX RESEARCH CENTER**
6 **(NTRC)**

7 **“SECRETARIAT: – NATIONAL TAX RESEARCH CENTER**

8 **“CHAPTER IV**

9 **“QUALIFIED ACTIVITIES FOR TAX INCENTIVES**

10 **“SEC. 300. *STRATEGIC INVESTMENT PRIORITY PLAN (SIPP)*. –**
11 **THE BOARD OF INVESTMENTS (BOI) SHALL, IN COORDINATION**
12 **WITH THE OFFICE OF THE PRESIDENT, THE FISCAL INCENTIVES**
13 **REVIEW BOARD, THE CONCERNED IPAS, AND OTHER**
14 **GOVERNMENT AGENCIES AND THE PRIVATE SECTOR,**
15 **FORMULATE THE SIPP TO BE SUBMITTED TO THE PRESIDENT FOR**
16 **APPROVAL NOT LATER THAN DECEMBER OF THE THIRD YEAR**
17 **SET FOR PERIODIC REVIEW. THE PLAN SHALL BE VALID FOR A**
18 **PERIOD OF THREE (3) YEARS SUBJECT TO REVIEW AND**
19 **AMENDMENT AS THE NEED ARISES. ALL SECTORS OR INDUSTRIES**
20 **THAT MAY BE INCLUDED IN THE SIPP SHALL UNDERGO AN**
21 **EVALUATION PROCESS TO DETERMINE THE SUITABILITY AND**
22 **POTENTIAL OF THE INDUSTRY OR THE SECTOR IN PROMOTING**
23 **LONG-TERM GROWTH AND DEVELOPMENT, AND THE NATIONAL**
24 **INTEREST.**

25 **“THE SIPP SHALL:**

26 **“(A) INCLUDE ACTIVITIES THAT COMPLY WITH THE**
27 **FOLLOWING:**

28 **“(1) BE COVERED BY THE PHILIPPINE DEVELOPMENT PLAN**
29 **OR ITS EQUIVALENT AND OTHER GOVERNMENT PROGRAMS;**

30 **“(2) TAKE INTO ACCOUNT ANY OF THE FOLLOWING:**

31 **“(i) SUBSTANTIAL AMOUNT OF INVESTMENTS;**

32 **“(ii) CONSIDERABLE GENERATION OF EMPLOYMENT;**

33 **“(iii) ADOPT INCLUSIVE BUSINESS ACTIVITIES AND VALUE-**
34 **ADDING PRODUCTION BY MSMES;**

1 “(iv) USE OF MODERN OR NEW TECHNOLOGY;
2 “(v) ADOPTION OF ADEQUATE ENVIRONMENTAL
3 PROTECTION SYSTEMS;
4 “(vi) ADDRESS MISSING GAPS IN THE SUPPLY/VALUE CHAIN
5 OR MOVE UP THE VALUE CHAIN OR PRODUCT LADDER; OR
6 “(vii) PROMOTION OF MARKET COMPETITIVENESS.
7 “(B) IDENTIFY AGRIBUSINESS ACTIVITIES, THE LESS
8 DEVELOPED AREAS OR THOSE RECOVERING FROM ARMED
9 CONFLICT OR A MAJOR DISASTER;
10 “(C) DETERMINE SERVICES AND ACTIVITIES THAT CAN SPUR
11 REGIONAL OR GLOBAL OPERATIONS IN THE COUNTRY; AND
12 “(D) INCLUDE EXISTING REGISTERED PROJECTS OR
13 ACTIVITIES THAT SHALL RELOCATE FROM METRO MANILA TO
14 OTHER AREAS OF THE COUNTRY.
15 “THE ACTIVITIES MUST COMPLY WITH THE SPECIFIC
16 QUALIFICATION REQUIREMENTS OR CONDITIONS FOR A
17 PARTICULAR SECTOR OR INDUSTRY AND OTHER LIMITATIONS AS
18 SET AND DETERMINED BY THE BOI.
19 “THE THRESHOLD AMOUNT OF INVESTMENTS AND
20 EMPLOYMENT GENERATION REQUIRED FOR A SPECIFIC
21 ACTIVITY SHALL BE SUBJECT TO A PERIODIC REVIEW EVERY
22 THREE (3) YEARS TAKING INTO CONSIDERATION
23 INTERNATIONAL STANDARDS AND OTHER INDICATORS.
24 “SEC. 301. *POWER OF THE PRESIDENT TO GRANT INCENTIVES.*
25 – THE PRESIDENT MAY, IN THE INTEREST OF NATIONAL
26 ECONOMIC DEVELOPMENT AND UPON THE RECOMMENDATION
27 OF THE FISCAL INCENTIVES REVIEW BOARD, GRANT INCENTIVES
28 IN ADDITION TO THOSE THAT ARE PROVIDED UNDER THIS CODE,
29 INCLUDING A LONGER PERIOD, TO HIGHLY DESIRABLE
30 PROJECTS: *PROVIDED*, THAT THE BENEFITS THAT THE
31 GOVERNMENT MAY DERIVE FROM SUCH INVESTMENT THERETO
32 ARE CLEAR AND CONVINCING AND FAR OUTWEIGH THE COST OF
33 INCENTIVES THAT WILL BE GRANTED.”

1 “(A) *CRITERIA FOR AVAILMENT.* – IN THE RECOMMENDATION
2 TO THE FISCAL INCENTIVES REVIEW BOARD, THE BOARD OF
3 INVESTMENTS SHALL CONSIDER THE FOLLOWING CRITERIA IN
4 DETERMINING THE TYPES OF INCENTIVES AND THE DURATION
5 THEREOF THAT MAY BE GRANTED BY THE PRESIDENT:

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

9 “(2) MINIMUM INVESTMENT OF TWO HUNDRED MILLION US
10 DOLLARS (US\$200,000,000) OR A MINIMUM DIRECT EMPLOYMENT
11 GENERATION OF AT LEAST ONE THOUSAND FIVE HUNDRED (1,500)
12 WITHIN THREE (3) YEARS FROM THE START OF COMMERCIAL
13 OPERATION.

14 “THE THRESHOLD SHALL BE SUBJECT TO A PERIODIC
15 REVIEW EVERY THREE (3) YEARS TAKING INTO CONSIDERATION
16 INTERNATIONAL STANDARDS AND OTHER INDICATORS.

17 “THE BOI MAY IMPOSE OTHER TERMS AND CONDITIONS
18 TAKING INTO CONSIDERATION THE AMOUNT OR KIND OF
19 INCENTIVES THAT WILL BE GRANTED TO SUCH INVESTMENTS.”

20 “(B) *USE OF RESOURCES.* – IN THE EXERCISE OF THE POWER
21 OF THE PRESIDENT TO GRANT INCENTIVES, THE GOVERNMENT
22 MAY UTILIZE ITS RESOURCES SUCH AS LAND USE, WATER
23 APPROPRIATION, POWER PROVISION, AMONG OTHERS, AS MAY
24 BE IDENTIFIED BY THE BOI.”

25 “SEC. 302. *AMENDMENTS TO THE SIPP.* – SUBJECT TO
26 PUBLICATION REQUIREMENTS AND THE CRITERIA FOR
27 INVESTMENT PRIORITY DETERMINATION, THE BOI MAY, AT ANY
28 TIME, INCLUDE ADDITIONAL AREAS IN THE SIPP, ALTER ANY OF
29 THE TERMS OF THE DECLARATION OF AN INVESTMENT AREA,
30 AND TEMPORARILY OR PERMANENTLY SUSPEND ACTIVITIES ON
31 THE SIPP IF IT CONSIDERS THAT SUCH ACTIVITY IS NO LONGER A
32 PRIORITY. IN NO CASE SHALL THE IPAS ACCEPT APPLICATIONS
33 UNLESS THE ACTIVITY IS LISTED IN THE SIPP.”

1 **“SEC. 303. PUBLICATION. – UPON APPROVAL OF THE PLAN, IN**
2 **WHOLE OR IN PART, OR UPON APPROVAL OF AN AMENDMENT**
3 **THEREOF, THE PLAN OR THE AMENDMENT, SPECIFYING AND**
4 **DECLARING THE AREAS OF INVESTMENTS SHALL BE PUBLISHED**
5 **IN AT LEAST ONE (1) NEWSPAPER OF GENERAL CIRCULATION OR**
6 **THE *OFFICIAL GAZETTE* AND ALL SUCH AREAS SHALL BE OPEN**
7 **FOR APPLICATION UNTIL PUBLICATION OF AN AMENDMENT OR**
8 **DELETION THEREOF.”**

9 **“SEC. 304. QUALIFICATIONS OF A REGISTERED ENTERPRISE**
10 **FOR TAX INCENTIVES. – IN THE REVIEW AND GRANT OF TAX**
11 **INCENTIVES, A REGISTERED ENTERPRISE MUST:**

12 **“(A) BE ENGAGED IN AN ACTIVITY INCLUDED IN THE SIPP;**

13 **“(B) INSTALL AN ADEQUATE ACCOUNTING SYSTEM THAT**
14 **SHALL IDENTIFY THE INVESTMENTS, REVENUES, COSTS AND**
15 **PROFITS OR LOSSES OF EACH REGISTERED PROJECT**
16 **UNDERTAKEN BY THE ENTERPRISE SEPARATELY FROM THE**
17 **AGGREGATE INVESTMENTS, REVENUES, COSTS AND PROFITS OR**
18 **LOSSES OF THE WHOLE ENTERPRISE; OR ESTABLISH A SEPARATE**
19 **CORPORATION FOR EACH REGISTERED PROJECT IF THE IPA**
20 **SHOULD SO REQUIRE;**

21 **“(C) COMPLY WITH THE E-INVOICE AND E-SALES**
22 **REQUIREMENT IN ACCORDANCE WITH SECTION 237-A OF THIS**
23 **CODE.”**

24 **“CHAPTER V**

25 **“AVAILMENT OF TAX INCENTIVES**

26 **“SEC. 305. INCOME TAX-BASED INCENTIVES. – ALL**
27 **REGISTERED ENTERPRISES SHALL FILE THEIR TAX RETURNS**
28 **USING THE ELECTRONIC OR ONLINE FACILITIES OF THE BUREAU**
29 **OF INTERNAL REVENUE (BIR). IN AVAILING THE INCOME TAX-**
30 **BASED INCENTIVES, THE REGISTERED ENTERPRISE SHALL BE**
31 **REQUIRED TO SECURE A CERTIFICATE OF ENTITLEMENT ISSUED**
32 **BY THE IPA AND ATTACH THE SAME TO ITS INCOME TAX RETURN**
33 **(ITR) OR ANNUAL INFORMATION RETURN (AIR), WHICHEVER IS**

1 **APPLICABLE. THEREAFTER, THE REGISTERED ENTERPRISE**
2 **SHALL FILE ITS CLAIM WITH THE BIR FOR VALIDATION.**

3 **“FAILURE TO SECURE AND ATTACH THE CERTIFICATION TO**
4 **THE ITR OR AIR, AND TO FILE THE INCENTIVE AVAILMENT**
5 **APPLICATION SHALL CAUSE THE FORFEITURE OF THE**
6 **INCENTIVE FOR THAT TAXABLE PERIOD.”**

7 **“SEC. 306. CUSTOMS DUTY EXEMPTION ON CAPITAL**
8 **EQUIPMENT. – IMPORTATION OF CAPITAL EQUIPMENT,**
9 **MACHINERY AND SPARE PARTS EXCLUSIVELY USED FOR**
10 **CAPITAL EQUIPMENT AND MACHINERY INCLUDING**
11 **CONSIGNMENT THEREOF BY REGISTERED ENTERPRISES MAY BE**
12 **EXEMPTED TO THE EXTENT OF ONE HUNDRED PERCENT (100%)**
13 **OF THE CUSTOMS DUTY: PROVIDED, THAT THE FOLLOWING**
14 **CONDITIONS ARE COMPLIED WITH:**

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

1 “(B) THE APPROVAL OF THE IPA WAS OBTAINED BY THE
2 REGISTERED ENTERPRISE PRIOR TO THE IMPORTATION OF SUCH
3 CAPITAL EQUIPMENT OR SPARE PARTS.

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

9 “(1) IF MADE TO ANOTHER ENTERPRISE AVAILING CUSTOMS
10 DUTY EXEMPTION ON IMPORTED CAPITAL EQUIPMENT AND/OR
11 SPARE PARTS;

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

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

20 “(4) PROVEN TECHNICAL OBSOLESCENCE OF THE CAPITAL
21 EQUIPMENT OR SPAREPARTS.

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

“SEC. 307. VAT REFUND MECHANISM ON IMPORTATION OF CAPITAL EQUIPMENT AND RAW MATERIALS. – THE VAT ON IMPORTATION OF CAPITAL EQUIPMENT AND RAW MATERIALS PAID BY EXPORT REGISTERED ENTERPRISES THAT FAILED TO MEET THE NINETY PERCENT (90%) EXPORT SALES THRESHOLD OR ARE LOCATED OUTSIDE THE ECOZONE, FREEPORT, OR THOSE UTILIZING THE CUSTOMS BONDED MANUFACTURING WAREHOUSE REGARDLESS OF THE THRESHOLD SHALL BE REFUNDED PURSUANT TO THE ENHANCED VAT REFUND SYSTEM UNDER SECTIONS 106 AND 108 OF THIS CODE.”

“CHAPTER VI
“PROCEDURES, SUNSET PROVISIONS, AND STRUCTURAL ADJUSTMENT
FUND

“SEC. 308. NO DOUBLE REGISTRATION OF ENTERPRISES. – REGISTERED ENTERPRISES SHALL NOT BE ALLOWED TO REGISTER THEIR ACTIVITIES IN MORE THAN ONE (1) IPA.”

“SEC. 309. *GOVERNANCE RULES.* – THE DIFFERENT IPAS MAY REQUIRE DOMESTIC REGISTERED ENTERPRISES TO LIST THEIR SHARES OF STOCK IN ANY ACCREDITED STOCK EXCHANGE OR DIRECTLY OFFER A PORTION OF THEIR CAPITAL STOCK TO THE PUBLIC AND/OR THEIR EMPLOYEES WITHIN FIVE (5) YEARS FROM DATE OF REGISTRATION.”

“SEC. 310. *INVESTMENTS PRIOR TO THE EFFECTIVITY OF THIS ACT.* – EXISTING REGISTERED ACTIVITIES GRANTED AN INCOME TAX HOLIDAY SHALL BE ALLOWED TO CONTINUE WITH THE AVAILMENT OF THE SAID INCENTIVE FOR THE REMAINING PERIOD OF THE INCOME TAX HOLIDAY (ITH) OR FOR A PERIOD OF FIVE (5) YEARS ONLY, WHICHEVER COMES FIRST, *PROVIDED*, THAT THE FIVE PERCENT (5%) TAX ON GROSS INCOME EARNED SHALL COMMENCE ONLY AFTER THE INCOME TAX HOLIDAY (ITH) PERIOD HAS LAPSED, *PROVIDED FURTHER*, THAT THE FIVE PERCENT (5%) TAX ON GROSS INCOME EARNED SHALL BE ALLOWED TO CONTINUE FOLLOWING THE SCHEDULE STATED HEREIN:

1 “(A) TWO (2) YEARS FOR ACTIVITIES ENJOYING THE TAX
2 INCENTIVE FOR MORE THAN TEN (10) YEARS;

3 “(B) THREE (3) YEARS FOR ACTIVITIES ENJOYING THE TAX
4 INCENTIVE BETWEEN FIVE (5) AND TEN (10) YEARS; AND

5 “(C) FIVE (5) YEARS FOR ACTIVITIES ENJOYING THE TAX
6 INCENTIVE BELOW FIVE (5) YEARS.

7 “SEC. 311. *SUSPENSION AND FORFEITURE OF TAX INCENTIVES*
8 *OF REGISTERED ENTERPRISES, REFUND AND PENALTIES; WAIVER*
9 *AND CONDONATION.* – THE IPA MAY IMPOSE FINES AND
10 PENALTIES, SUSPEND OR FORFEIT THE INCENTIVES GRANTED TO
11 THE REGISTERED ENTERPRISES FOR VIOLATIONS OF THE
12 REGISTRATION TERMS AND CONDITIONS, WITHOUT PREJUDICE
13 TO THE CANCELLATION OF THE REGISTRATION OF SAID
14 ENTERPRISE.

15 “WHEN THERE IS PROBABLE CAUSE TO BELIEVE THAT THE
16 REGISTERED ENTERPRISE HAS VIOLATED ITS REGISTRATION
17 TERMS AND CONDITIONS, THE IPA SHALL SUSPEND THE
18 AVAILMENT OF INCENTIVES UNTIL PROVEN OTHERWISE:
19 *PROVIDED*, THAT FOR PROJECTS UNDER SECTION 298(C), THE
20 CONCERNED IPA SHALL RECOMMEND TO THE FISCAL
21 INCENTIVES REVIEW BOARD (FIRB) THE SUSPENSION OF ITS
22 AVAILMENT OF INCENTIVES.

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

28 “FOR THIS PURPOSE, THE IPA SHALL PREPARE A SCHEDULE
29 OF FEES, FINES AND PENALTIES TO BE IMPOSED ON ERRING
30 REGISTERED ENTERPRISES DEPENDING ON THE GRAVITY OF THE
31 VIOLATION INCURRED IN ADDITION TO THE FINES AND
32 PENALTIES IMPOSABLE UNDER THIS CODE.

33 “IN MERITORIOUS CASES, THE IPA MAY WAIVE, CONDONE OR
34 REDUCE FINES OR PENALTIES IMPOSED ON REGISTERED

1 ENTERPRISES BY THE IPAS: *PROVIDED*, THAT THE MINIMUM
2 COMPROMISE RATE, IN CASE OF REDUCTION, SHALL NOT BE LESS
3 THAN FORTY PERCENT (40%) OF THE BASIC ASSESSED FINES OR
4 PENALTIES.”

5 “SEC. 312. *STRUCTURAL ADJUSTMENT FUND.* – THE
6 FOLLOWING AMOUNTS SHALL BE APPROPRIATED TO
7 COMPENSATE WORKERS THAT MAY BE DISPLACED BY THE
8 RATIONALIZATION OF FISCAL INCENTIVES TO IMPROVE
9 EMPLOYABILITY OF WORKERS AND FOR THE DEVELOPMENT OF
10 INFRASTRUCTURE WITHIN ECONOMIC ZONES AND FREEPORTS
11 THAT MAY BE AFFECTED BY THIS ACT:

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

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

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

30 “(4) THE AMOUNT OF FIFTEEN BILLION PESOS
31 (P15,000,000,000), IN ADDITION TO ANY ADJUSTMENT FUND
32 APPROPRIATED UNDER THE BUDGET OF PERTINENT
33 GOVERNMENT DEPARTMENTS OR AGENCIES, SHALL BE
34 APPROPRIATED FOR THE DEVELOPMENT OF INFRASTRUCTURE

1 SURROUNDING AND WITHIN THE AREAS OR LOCALITIES OF
2 SPECIAL ECONOMIC ZONES AND FREEPORTS TO BE AFFECTED BY
3 THIS ACT. THIS SUBSIDY SHALL LIKEWISE BE UTILIZED TO
4 SUPPORT RESEARCH AND DEVELOPMENT; COSTS OF POWER,
5 WATER AND OTHER UTILITIES; LEASE OF PROPERTIES; AND
6 OTHER ECONOMIC ACTIVITIES RELEVANT TO DEVELOPING THE
7 ABOVEMENTIONED AREAS/LOCALITIES.

8 "THE RELEASES TO THE INVESTMENT PROMOTION
9 AGENCIES SHALL BE GOVERNED BY IMPLEMENTING GUIDELINES
10 TO BE PROMULGATED BY THE DEPARTMENT OF FINANCE AND
11 THE DEPARTMENT OF BUDGET AND MANAGEMENT.

12 "THE EARMARKING OF FUNDS FOR THESE PURPOSES SHALL
13 BE TERMINATED FIVE (5) YEARS AFTER THE EFFECTIVITY OF
14 THIS ACT."

15 "SEC. 313. *ENHANCED TAX EXPENDITURE FUND SYSTEM.* – ALL
16 INTERNAL REVENUE TAX AND DUTY OBLIGATIONS OF
17 GOVERNMENT-OWNED -OR CONTROLLED CORPORATIONS
18 SHALL BE CHARGEABLE TO THE TAX EXPENDITURE FUND OF THE
19 GOVERNMENT UPON THE ESTABLISHMENT AND
20 IMPLEMENTATION OF AN ENHANCED TAX EXPENDITURE FUND
21 SYSTEM THAT GRANTS TAX SUBSIDY WITHIN THIRTY (30) DAYS
22 FROM THE FILING OF APPLICATION WITH THE FISCAL
23 INCENTIVES REVIEW BOARD (FIRB)."

24 "SEC. 314. ANNUAL REPORT. –THE INVESTMENT PROMOTION
25 AGENCIES SHALL SUBMIT AN ANNUAL REPORT TO CONGRESS
26 THE NAMES OF RECIPIENTS OF INCENTIVES AND THE AMOUNT OF
27 INCENTIVES AVAILED OF. THE REPORT SHALL BE MADE
28 AVAILABLE TO THE PUBLIC."

29 SEC. 31. Title XIII of the National Internal Revenue Code of 1997, as amended,
30 is hereby renumbered as Title XIV, to read as follows:

31 "TITLE [XIII] XIV

32 "REPEALING PROVISIONS

1 “SEC. [291]315. *In General.* – All laws, decrees, executive orders, rules and
2 regulations or parts thereof which are contrary to or inconsistent with this Code are hereby
3 repealed, amended or modified accordingly.

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

8 (1) Article 4 of Executive Order No. 226, as amended, entitled “The Omnibus
9 Investments Code of 1987”;

10 (2) Sections 9 and 13(c) of Republic Act No. 7227, entitled
11 “An Act Accelerating the Conversion of Military Reservations into Other Productive Uses,
12 Creating the Bases Conversion and Development Authority for this Purpose, Providing Funds
13 Therefor and for Other Purposes”;

14 (3) Section 3 of Executive Order No. 80, series of 1993, entitled “Authorizing the
15 Establishment of the Clark Development Corporation as the Implementing Arm of the Bases
16 Conversion and Development Authority for the Clark Special Economic Zone, and Directing
17 all Heads of Departments, Bureaus, Offices, Agencies and Instrumentalities of Government
18 to Support the Program”;

19 (4) Section 6 of Executive Order No. 132, series of 2002, entitled “Authorizing the
20 Creation of the Poro Point Management Corporation as the Implementing Arm of the Bases
21 Conversion Development Authority Over the Poro Point Special Economic and Freeport Zone
22 and Renaming the John Hay Poro Point Development Corporation as the John Hay
23 Management Corporation”;

24 (5) Section 9 of Republic Act No. 7903, entitled “An Act Creating a Special
25 Economic Zone and Freeport in the City of Zamboanga Creating for this Purpose the
26 Zamboanga City Special Economic Zone Authority, Appropriating Funds Therefor, and for
27 Other Purposes”;

28 (6) Section 14 of Republic Act No. 9728, entitled “An Act Converting the Bataan
29 Economic Zone Located in the Municipality of Mariveles, Province of Bataan, into the
30 Freeport Area of Bataan (FAB), Creating for this Purpose the Authority of the Freeport Area
31 of Bataan (AFAB), Appropriating Funds Therefor and for Other Purposes”;

32 (7) Section 65 of Republic Act No. 9593, entitled “An Act Declaring a National
33 Policy for Tourism as an Engine of Investment, Employment, Growth and National

1 Development, and Strengthening the Department of Tourism and its Attached Agencies to
2 Effectively and Efficiently Implement that Policy, and Appropriating Funds Therefor”;

3 (8) Section 15 of Republic Act No. 9490, entitled “An Act Establishing the Aurora
4 Special Economic Zone in the Province of Aurora, Creating for the Purpose the Aurora Special
5 Economic Zone Authority, Appropriating Funds Therefor and for Other Purposes”, as
6 amended by Republic Act No. 10083;

7 (9) Section 7 of Republic Act No. 7922, entitled “An Act Establishing a Special
8 Economic Zone and Freeport in the Municipality of Santa Ana and the Neighboring Islands
9 in the Municipality of Aparri, Province of Cagayan, Providing Funds Therefor, and for Other
10 Purposes”;

11 (10) Section 6 of Presidential Decree No. 538, entitled “Creating and Establishing
12 the PHIVIDECA Industrial Authority and Making it a Subsidiary Agency of the Philippine
13 Veterans Investment Development Corporation, Defining its Powers, Functions and
14 Responsibilities, and for Other Purposes,” as amended by Executive Order No. 1031, series
15 of 1985; and

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

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

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

26 (2) Section 8 of Republic Act No. 7903, entitled “An Act Creating Special
27 Economic Zone and Freeport in the City of Zamboanga for this Purpose the Zamboanga City
28 Special Economic Zone Authority, Appropriating Funds Therefor, and for Other Purpose”;

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

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

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

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

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

11 (8) Sections 8 and 14 of Presidential Decree No. 269, entitled “Creating the
12 National Electrification Administration as a Corporation, Prescribing its Powers and Activities,
13 Appropriating the Necessary Funds Therefore and Declaring a National Policy Objective for
14 the Total Electrification of the Philippines on an Area Coverage Service Basis, the
15 Organization, Promotion and Development of Electric Cooperatives to Attain the Said
16 Objective, Prescribing Terms and Conditions for their Operations, the Repeal of Republic Act
17 No. 6038, and for Other Purposes”;

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

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

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

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

31 (13) Section 13(e) of Presidential Decree No. 857, entitled “Providing for the
32 Reorganization of Port Administrative and Operation Functions in the Philippines, Revising

1 Presidential Decree No. 505 dated July 11, 1974, Creating the Philippine Port Authority, by
2 Substitution, and for Other Purposes”;

3 (14) Section 19 of Republic Act No. 6847, entitled “An Act Creating and
4 Establishing the Philippine Sports Commission, Defining its Powers, Functions, and
5 Responsibilities, Appropriating Funds Therefor, and for Other Purposes”;

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

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

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

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

20 (2) Section 12 of Republic Act No. 8407, entitled “An Act Amending Republic Act
21 Numbered Sixty-Six Hundred Thirty-One, entitled ‘An Act Granting Manila Jockey Club, Inc.,
22 a Franchise to Construct, Operate and Maintain a Race Track for Horse Racing in the City of
23 Manila or any Place Within the Provinces of Bulacan, Cavite or Rizal and Extending the Said
24 Franchise by Twenty-five (25) Years From the Expiration of the Term Thereof’ ”;

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

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

32 (D) The provisions of the following laws, including the tax incentives, that are
33 inconsistent with this Act are hereby amended or repealed effective two (2) years from the

1 implementation of this Act: *Provided*, That the tax treatment provisions of entities covered by
2 special laws pertaining to energy, agriculture, and telecommunications shall be deferred for an
3 additional two (2) years:

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

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

11 (3) Section 15 of Republic Act No. 7353, entitled “An Act Providing for the
12 Creation, Organization and Operation of Rural Banks, and for Other Purposes”;

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

16 (5) Section 1 of Republic Act No. 7918, entitled “An Act Amending Article 39,
17 Title III of Executive Order No. 226, Otherwise Known as the Omnibus Investments Code of
18 1987, as Amended, and for Other Purposes”;

19 (6) Articles 62, 63, 64, 65, 66, 67, and 69 of Republic Act No. 8756, entitled “An
20 Act Providing for the Terms, Conditions and Licensing Requirements of Regional or Area
21 Headquarters, Regional Operating Headquarters, Regional Warehouses of Multinational
22 Companies, Amending for the Purpose Certain Provisions of Executive Order No. 226,
23 Otherwise Known as the Omnibus Investment Code of 1987”;

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

28 (8) Section 12 of Republic Act No. 8047, entitled “An Act Providing for the
29 Development of the Book Publishing Industry Through the Formulation and Implementation
30 of a National Book Policy and a National Book Development Plan”;

31 (9) Section 17(1) to (8) insofar as tax exemption and/or VAT zero-rating on
32 domestic merchandise is concerned, and Section 18(a), (b), (c), and (f) of Presidential Decree

1 No. 66, entitled “Creating the Export Processing Zone Authority and Revising Republic Act
2 No. 5490”;

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

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

13 (12) Section 4 of Republic Act No. 8748, entitled “An Act Amending Republic Act
14 No. 7916, Otherwise Known as the Special Economic Zone Act of 1995”;

15 (13) Sections 23 and 24 of Republic Act No. 7916, entitled “An Act Providing for
16 the Legal Framework and Mechanisms for the Creation, Operation, Administration, and
17 Coordination of Special Economic Zones in the Philippines, Creating for the Purpose the
18 Philippine Economic Zone Authority (PEZA), and for Other Purposes”;

19 (14) Section 1 of Republic Act No. 9400, amending Section 12(b) of Republic Act
20 No. 7227, insofar as tax exemption and VAT zero-rating of domestic merchandise and capital
21 equipment are concerned, Section 12(c), Section 2 amending Section 15, second, third and last
22 paragraph of Republic Act No. 7227, Section 3, first and second paragraph; Sections 4 and 5
23 entitled “An Act Amending Republic Act No. 7227, as Amended, Otherwise Known as the
24 Bases Conversion and Development Act of 1982, and for Other Purposes”;

25 (15) Section 1 of Executive Order No. 619, entitled “Creating and Designating
26 Special Economic Zones Pursuant to Republic Act No. 7916, as Amended by Republic Act
27 No. 8784, in Relation to Republic Act No. 7227, as Amended by Republic Act No. 9400, Inside
28 the Clark Freeport Zone”;

29 (16) Section 4(f), 5, 6, 7, 8, and 9 of Republic Act No. 9490, entitled “An Act
30 Establishing the Aurora Special Economic Zone in the Province of Aurora, Creating for the
31 Purpose the Aurora Special Economic Zone Authority, Appropriating Funds Therefor and for
32 Other Purposes”;

1 (17) Sections 3(e)(f)(h) and 4 of Republic Act No. 10083, entitled “An Act
2 Amending Republic Act No. 9490”;

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

9 (19) Section 36(e) and (f) of Presidential Decree No. 705, entitled “Revising PD No.
10 389, Otherwise Known as the Forestry Reform Code of the Philippines”;

11 (20) Section (b)(1)(c) of Republic Act No. 9003, entitled “An Act Providing for an
12 Ecological Solid Waste Management Program, Creating the Necessary Institutional
13 Mechanisms and Incentives, Declaring Certain Acts Prohibited and Providing Penalties,
14 Appropriating Funds Therefor and for Other Purposes”;

15 (21) Section 26(a)(1)(3) of Republic Act No. 9275, entitled “An Act Providing for
16 Comprehensive Water Quality Management and for Other Purposes”;

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

19 (23) Section 13 of Republic Act No. 10817, entitled “An Act Instituting the
20 Philippine Halal Export Development and Promotion Program, Creating for the Purpose the
21 Philippine Halal Export Development and Promotion Board, and for Other Purposes”;

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

26 (25) Section 20(d)(1) to (5) of Republic Act No. 10884, entitled “An Act
27 Strengthening the Balanced Housing Development Program, Amending for the Purpose
28 Republic Act No. 7279, as Amended, Otherwise Known as the Urban Development and
29 Housing Act of 1992”;

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

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

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

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

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

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

16 (32) Chapter XV, Section 83; Chapter XVI, Sections 90, 91, 92, and 93 of Republic
17 Act No. 7942, entitled “An Act Instituting a New System of Mineral Resources Exploration,
18 Development, Utilization and Conservation”;

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

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

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

30 (36) Section 8, insofar as investment incentives are concerned, of Republic Act No.
31 10816, entitled “An Act Providing for the Development and Promotion of Farm Tourism in the
32 Philippines”;

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

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

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

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

15 (41) Section 5(5.1) and (5.2) of Executive Order No. 290, series of 2004, entitled
16 “Implementing the Natural Gas Vehicle Program for Public Transport”;

17 (42) Sections 18 and 20 of Republic Act No. 6847, entitled “An Act Creating and
18 Establishing the Philippine Sports Commission, Defining its Powers, Functions, and
19 Responsibilities, Appropriating Funds Therefor, and for Other Purposes”;

20 (43) Section 22 of Republic Act No. 9337, entitled “An Act Amending Sections 27,
21 28, 34, 106, 107, 108, 109, 110, 111, 112, 113, 114, 116, 117, 119, 121, 148, 151, 236, 237,
22 and 288 of the National Internal Revenue Code of 1997, as Amended, and for Other Purposes”;

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

26 (45) Section 2 of Presidential Decree No. 1931, series of 1984, entitled “Directing
27 the Rationalization of Duty and Tax Exemption Privileges Granted to Government-Owned or
28 -Controlled Corporations and All Other Units of Government”;

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

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

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

SEC. 32. Title XIV of the National Internal Revenue Code of 1997, as amended, is hereby renumbered as Title XV, to read as follows:

“TITLE [XIV]XV

“FINAL PROVISIONS

SEC. [292] **316.** *Separability Clause.* – If any clause, sentence, paragraph, or part of this Code shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of said Code, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy.

SEC. 33. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Secretary of Finance and the Secretary of Trade and Industry shall, upon consultations with the Commissioner of Internal Revenue, the Board of Investments, and other Investment Promotion Agencies, promulgate the necessary rules and regulations for its effective implementation.

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

Approved,

COMMITTEE ON WAYS AND MEANS

FACT SHEET

4157

House Bill No. _____

(in substitution with House Bills Numbered 176, 313, 1042, 1909, 2084, 2554, 2704, 2956, 3356, and 3846)

(As approved by the Committee on Ways and Means on August 14, 2019)

"CORPORATE INCOME TAX AND INCENTIVES RATIONALIZATION ACT"

Introduced by: **HORACIO P. SUANSING JR., ESTRELLITA B. SUANSING, JOEY SARTE SALCEDA, KRISTINE SINGSON-MEEHAN, LUIS RAYMUND "LRAY" F. VILLAFUERTE JR., JUNIE E. CUA, SHARON S. GARIN, AURELIO "DONG" D. GONZALES, MICHAEL ODYLON L. ROMERO, ANN K. HOFER, RUFUS B. RODRIGUEZ, ISIDRO T. UNGAB, MICAELA S. VIOLAGO, ALYSSA SHEENA P. TAN, ALETA C. SUAREZ, ERIC GO YAP, JOSE "JUN" L. ONG, JR., ROLANDO M. VALERIANO, ELPIDIO F. BARZAGA, JR., JANICE Z. SALIMBANGON, JULIETTE T. UY, CORAZON T. NUÑEZ-MALANYAON, EDUARDO R. GULLAS, RAUL "BOBOY" C. TUPAS, MICHAEL B. GORRICETA, SABINIANO S. CANAMA, JOSE 'PING-PING' I. TEJADA, SOL ARAGONES, JOAQUIN M. CHIPECO, JR., RUDY S. CAOAGDAN, LORENZ R. DEFENSOR, ANTHONY PETER "ONYX" D. CRISOLOGO, JOY MYRA S. TAMBUNTING, RIA CHRISTINA G. FARIÑAS, JUMEL ANTHONY I. ESPINO, MA. THERESA V. COLLANTES, JOSELITO "JOEL" S. SACDALAN, MICHAEL JOHN R. DUAVIT, JAKE VINCENT S. VILLA, ARNIE B. FUENTEBELLA, CESAR "JAWO" L. JIMENEZ, JR., CHERYL P. DELOSO-MONTALLA, FAUSTINO MICHAEL CARLOS T. DY III, ALLAN REYES, JOSE GAY G. PADIERNOS, SONNY "SL" L. LAGON, VIRGILIO S. LACSON, MICHAEL EDGAR Y. AGLIPAY, JORGE ANTONIO P. BUSTOS, JERICHO JONAS B. NOGRALES, ADRIANO A. EBCAS, RONNIE L. ONG, STELLA LUZ A. QUIMBO, ALEX "AA" L. ADVINCULA, FERNANDO T. CABREDO, MAXIMO Y. DALOG JR., EDGAR M. CHATTO, MA. ANGELICA M. AMANTE-MATBA, GIL "KABARANGAY" A. ACOSTA JR., ROMEO M. JALOSJOS JR., ELISA 'OLGA' T. KHO, PETER JOHN D. CALDERON, JUAN MIGUEL MACAPAGAL ARROYO, LORNA P. BAUTISTA-BANDIGAN, ENRICO A. PINEDA, ELEANDRO JESUS F. MADRONA, FREDERICK W. SIAO, DALE 'ALONG' R. MALAPITAN, ANTONIO "TONYPET" T. ALBANO, SAMANTHA LOUISE VARGAS ALFONSO, FRANZ "CHICOY" E. ALVAREZ, ROSE MARIE 'BABY' J. ARENAS, ROBERT ACE S. BARBERS, EMMANUEL "TAWI" BILLONES, LIANDA B. BOLILIA, FREDENIL "FRED" H. CASTRO, SOLOMON R. CHUNGALAO, LEO RAFAEL M. CUEVA, RAUL V. DEL MAR, IAN PAUL L. DY, ARNOLD 'NOLI' D. CELESTE, PAOLO Z. DUTERTE, PABLO JOHN F. GARCIA, DOY C. LEACHON, ESMAEL G. MANGUDADATU, PROSPERO A. PICHAY JR., DEOGRACIAS VICTOR 'DV' B. SAVELLANO, NIÑA TADURAN, VICTOR A. YAP, JOSEPH STEPHEN 'CARAPS' S. PADUANO, ALAN 'ALDU' R. DUJALI, BAYANI F. FERNANDO, JONATHAN KEITH T. FLORES, ED CHRISTOPHER S. GO, FERDINAND L. HERNANDEZ, BERNADETTE 'BH' HERRERA-DY, JUAN FIDEL FELIPE F. NOGRALES, ANNA MARIE VILLARAZA-SUAREZ, JOSEFINA B. TALLADO, ROMAN T. ROMULO, DAN S. FERNANDEZ, JOHN MARVIN 'YUL SERVO' C. NIETO, FLORIDA 'RIDA' P. ROBES, FERDINAND MARTIN G. ROMUALDEZ, LUIS IV 'JON-JON' A. FERRER, JOSE JR. 'BONITO' C. SINGSON, NOEL L. VILLANUEVA, FRANCISCO JOSE II 'BINGO' F. MATUGAS, WAY KURAT ZAMORA, RODOLFO B. ALBANO, ABDULLAH D. DIMAPORO, JESUS CRISPIN C. REMULLA, ROMEO S. MOMO SR., DATU ROONIE Q. SINSUAT SR., MA. VICTORIA V. UMALI, RAMON V. GUICO III, JOCELYN P. TULFO, ERICO ARISTOTLE C. AUMENTADO, FAUSTINO 'INNO' A. DY V, JUAN PABLO "RIMPY" P.**

BONDOC, MANUEL F. ZUBIRI, YASSER ALONTO BALINDONG, NARCISO R. BRAVO JR., LUISA LLOREN CUARESMA, ROMMEL RICO T. ANGARA, GODOFREDO N. GUYA, JOHNNY TY PIMENTEL, FRANCISCO 'KIKO' B. BENITEZ, EMMARIE "LOLYPOP" M. OUANO-DIZON, SANDRO L. GONZALEZ, JOCELYN SY LIMKAICHONG, MANUEL T. SAGARBARRIA, DAVID 'JAY-JAY' C. SUAREZ, DIEGO C. TY, PAUL RUIZ DAZA, RUWEL PETER S. GONZAGA, MARICEL G. NATIVIDAD-NAGAÑO, PABLO C. ORTEGA, ROSANNA 'RIA' VERGARA, LUIS N. CAMPOS JR., MANUEL JOSE "MANNIX" M. DALIPE, JOHN REYNALD M. TIANGCO, HENRY S. OAMINAL, WILTER 'SHARKY' WEE PALMA II, ROLANDO 'KLAREX' A. UY, 'KUYA' JOSE ANTONIO R. SY-ALVARADO, GREG G. GASATAYA, ALFRED D. VARGAS, ALFRED C. DELOS SANTOS, AND RODANTE D. MARCOLETA

*Committee Referral: **COMMITTEE ON WAYS AND MEANS***

*Committee Chairperson: **HON. JOEY SARTE SALCEDA***

OBJECTIVES

- To encourage investment by reducing the corporate income tax (CIT) rate from 30% to 20%
- To ensure that the grant of fiscal incentives helps bring in the greatest benefits, such as higher and more dispersed investments, more jobs, and better technology
- To ensure fairness and transparency in the grant of fiscal incentives
- To enhance the accountability of taxpayers through more efficient tax administration

SALIENT PROVISIONS OF THE BILL

CORPORATE INCOME TAX

- Reduces the current 30% CIT by 2% every two years, to wit:

Year	CIT Rate
2021	28%
2023	26%
2025	24%
2027	22%
2029	20%

- Removes the option for corporations, including resident foreign corporations, to avail of the 15% gross income tax;

- Subjects corporate taxpayers who enjoy preferential rates to the 30% CIT, or the adjusted CIT, to wit:

Taxpayer	Current Rate	Proposed Rate	
Regional operating headquarters	10%	2021	28%
Resident foreign corporation	30%	2023	26%
Non-resident foreign corporations	30%	2025	24%
		2027	22%
		2029	20%
Offshore banking units	10%	2019	30%
		2021	28%
		2023	26%
		2025	24%
		2027	22%
		2029	20%

- Provides a schedule of amount of interest paid or incurred that may be allowed as deduction from gross income; and
- Exempts the Home Development Mutual Fund from income taxation, given that SSS, PHIC, and GSIS are already exempted

MODERNIZATION OF FISCAL INCENTIVES

- Grants fiscal incentives only to registered activities of:
 - a) Exporters; and
 - b) Industries listed in the Strategic Investments Priority Plan (SIPP).
- Provides that the SIPP shall include activities covered by the Philippine Development Plan (PDP) or its equivalent and shall take these into consideration:
 - a) Include activities that comply with the following:
 - 1) Substantial amount of investments;
 - 2) Considerable generation of employment;
 - 3) Inclusive business activities and value-added production of MSMEs;
 - 4) Use of modern or new technology;
 - 5) Adequate environmental protection systems;
 - 6) Addressing of missing gaps in the supply/value chain; and
 - 7) Promoting market competitiveness
 - b) Identify agribusiness activities, the less developed areas or those recovering from armed conflict or a major disaster.
 - c) Determine services and activities that can spur regional or global operations in the country.
 - d) Include existing registered projects or activities that shall relocate from metro manila to other areas of the country.
- Grants the President the power to grant incentives if the project has a comprehensive sustainable development plan and will bring in at least US \$200 Million.

- Grants income incentives for a maximum of five years, removing perpetual 5% on gross income earned (GIE) and limiting income tax holiday (ITH), to wit:

No	Type of Incentive	Duration
1	Income tax holiday	3 years
2	18% CIT: 15% to the National Government, 3% to LGUs	2 years
3	30% Depreciation allowance of qualified Capex incurred within 3 years: 10% for buildings, 20% for machineries and equipment	2 years
4	Up to 50% additional deduction on the labor expense	2 years
5	Up to 100% additional deduction on research and development	2 years
6	Up to 100% additional deduction on trainings	2 years
7	Up to 100% deduction on infrastructure development	5 years
8	Up to 50% deduction for reinvestment allowance to manufacturing	5 years
9	Enhanced Net Operating Loss Carry-Over (NOLCO): carrying-over of losses from first 3 years from the start of commercial operations	Next 5 years from the year loss is incurred
10	Up to 50% additional deduction on domestic input expense	2 years
11	exemption on customs duty of imported capital equipment	5 years, extendible to another 5 years
12	exemption on customs duty of imported raw materials	5 years

- Provides that in lieu of ITH (item 1) or reduced CIT (item 2), incentive items 3 to 10 may be extended on a per industry basis, upon BOI approval;
- Reduces the 18% CIT by one percentage point every other year, to wit:

Year	CIT Rate
2020	18%
2021 to 2022	17%
2023 to 2024	16%
2025 to 2026	15%
2027 to 2028	14%
2029 onwards	13%

- Provides that 1.5% of the proceeds will accrue to the province where the enterprise is located, in lieu of the local business tax
- Provides that 1.5% of the proceeds will accrue to the municipality or city government
- Stipulates that if the enterprise is located in an independent component city (ICC) or highly-urbanized city (HUC), 3% of the proceeds will accrue to the ICC or HUC government
- Adds two years of incentives (inclusive of one-year ITH) for the following:
 - a) projects located in lagging areas;
 - b) projects in areas recovering from armed conflict or major disasters;
 - c) projects in agri-business outside major urban areas; or
 - d) projects relocated from Metro Manila and nearby urban areas.

- Encourages investors and locators to reapply after the five-year or seven-year period, to qualify for another five years of incentives; and
- Specifies that VAT treatment shall be based on location and export sales, to wit:

Registered Enterprises	VAT Treatment		
	Importation of capital equipment and raw materials	Importation of source documents	Domestic purchases-- capital equipment, raw materials
90% to 100% export sales, inside ecozone or those utilizing customs bonded manufacturing warehouse	exempt	exempt	Zero-rated
Below 90% export sales, inside ecozones or those utilizing customs bonded manufacturing warehouse	exempt	exempt	Zero-rated, if registered enterprises have e-invoicing
Below 90% export sales; outside ecozones regardless of threshold	12%, then file for a VAT refund		Zero-rated, then 12% if a successful VAT refund system is established*

*Sec. 106 and 108 of the NIRC of 1997, as amended

TAX ADMINISTRATION

- Empowers the BIR Commissioner to issue subpoena *duces tecum* to compel submission of documents, wherein taxpayers may face criminal action for failure to obey subpoena;
- Authorizes the service of a subpoena, letter of authority, and a tax assessment at the taxpayer's registered business address or, if not practicable, through substituted service;
- Obliges the BIR Commissioner, upon the request of the Secretary of Finance (SOF), to furnish pertinent taxpayer information to the Secretary and concerned officers;
- Defines **tax avoidance** as:
 - a) Directly or indirectly altering the incidence of any income tax;
 - b) Directly or indirectly relieving a person from liability to pay income tax or from a potential or prospective liability to future income tax; and
 - c) Directly or indirectly avoiding, postponing, or reducing any liability to income tax, or any potential or prospective liability to future income tax.
- Grants the BIR Commissioner the authority to distribute, apportion, allocate and impute income and deductions to disregard and counteract tax avoidance arrangements in transfer pricing scheme by a taxpayer;
- Stops the issuance of tax credit certificates and instead provides that the creditable input tax of a taxpayer shall now be refunded;
- Requires the digitization of transactions of exporters and large taxpayers (under the jurisdiction of the Large Taxpayer Service) through e-receipts, or sales or commercial invoices, public certification system, and use of electronic transaction number; and
- Rationalizes the penalties on violations of the Tax Code following the adjustment of penalties in the Revised Penal Code

ADMINISTRATION OF TAX INCENTIVES

- Includes the Department of the Trade and Industry (DTI) and the National Economic and Development Authority (NEDA) as members in the Boards of investment promotion agencies (IPAs), with the Secretary of Finance as the co-chair of all IPA boards;
- Mandates the Fiscal Incentives Review Board (FIRB) to exercise oversight function over IPAs;
 - a) Require IPAs to submit list of registered enterprises with firm level data; approved amount of investments and employment generation; and approved amount of incentives;
 - b) Publish the names of the registered enterprises with approved tax incentives;
 - c) Grant tax subsidies to GOCCs and other government instrumentalities and agencies;
 - d) Exercise veto over the approval of and cancellation of tax incentives that may:
 - i. pose a risk to the environment, health, and economic stability, and
 - ii. projects or activities the approval of which encounters a deadlock.
- Requires a registered enterprise to install an adequate accounting system and an e-invoicing system and to file their tax returns electronically;
- Enhances the VAT refund system for registered enterprises that do not meet the 90% export sales threshold or are located outside the ecozones; and
- Expands the coverage of the Tax Expenditure Fund system to include all tax and duty obligations of GOCCs

EARMARKING OF FUNDS FOR FIVE YEARS

- Appropriates a structural adjustment fund for infrastructure projects of ecozones and freeports amounting to P15,000,000,000 which may be used for research and development, utilities, and lease
- Appropriates a structural adjustment fund for displaced workers, as follows:

Programs and Activities	Appropriations
Targeted cash grants and other support programs for displaced workers	P500,000,000
Targeted trainings to displaced workers	P500,000,000
Skills upgrade program of the IT-BPO	P5,000,000,000

SUNSET PROVISIONS FOR EXISTING REGISTERED ENTERPRISES AVAILING OF FISCAL INCENTIVES

- Those availing of incentives shall continue to enjoy the same for two years after the effectivity of the Act; thereafter, they can reapply for incentives under the SIPP;
- Those availing of the ITH shall continue to enjoy this incentive for the remaining period or for 5 years, whichever comes first; and
- Those availing of the 5% GIE shall be allowed to continue for 2 to 5 years, as follows:

Period when GIE was availed of	Transition period when GIE can still be availed of
More than 10 years	2 years
5 to 10 years	3 years
Below 5 years	5 years

RELATED LAWS

1. Article 4 of Executive Order No. 226, as amended, entitled "The Omnibus Investments Code of 1987;"
2. Sections 9 and 13 (c) of Republic Act No. 7227, entitled "An Act Accelerating the Conversion of Military Reservations into Other Productive Uses, Creating the Bases Conversion and Development Authority for this Purpose, Providing Funds therefor and for Other Purposes;"
3. Section 3 of Executive Order No. 80, series of 1993, entitled "Authorizing the Establishment of the Clark Development Corporation as the Implementing Arm of the Bases Conversion and Development Authority for the Clark Special Economic Zone, and Directing All Heads of Departments, Bureaus, Offices, Agencies and Instrumentalities of Government to Support the Program;"
4. Section 6 of Executive Order No. 132, series of 2002, entitled "Authorizing the Creation of the Poro Point Management Corporation as the Implementing Arm of the Bases Conversion Development Authority over the Poro Point Special Economic and Freeport Zone and Renaming the John Hay Poro Point Development Corporation as the John Hay Management Corporation;"
5. Section 9 of Republic Act No. 7903, entitled "An Act Creating a Special Economic Zone and Freeport in the City of Zamboanga Creating for this Purpose the Zamboanga City Special Economic Zone Authority, Appropriating Funds therefor, and for other Purposes;"
6. Section 14 of Republic Act No. 9728, entitled "An Act Converting the Bataan Economic Zone Located in the Municipality of Mariveles, Province Of Bataan, into the Freeport Area of Bataan (FAB), Creating for this Purpose the Authority of the Freeport Area of Bataan (AFAB), Appropriating Funds therefor and for other Purposes;"
7. Section 65 of Republic Act No. 9593, entitled "An Act Declaring a National Policy for Tourism as an Engine of Investment, Employment, Growth and National Development, and Strengthening the Department of Tourism and its Attached Agencies to Effectively and Efficiently implement that Policy, and Appropriating Funds therefor;"
8. Section 15 of Republic Act No. 9490, entitled "An Act Establishing the Aurora Special Economic Zone in the Province of Aurora, Creating for the Purpose the Aurora Special Economic Zone Authority, Appropriating Funds Therefor and for other Purposes," as amended by Republic Act No. 10083;
9. Section 7 of Republic Act No. 7922, entitled "An Act Establishing a Special Economic Zone and Freeport in the Municipality of Santa Ana and the Neighboring Islands in the Municipality of Aparri, Province of Cagayan Providing Funds Therefor, and for other Purposes;"
10. Section 6 of Presidential Decree No. 538, entitled "Creating and Establishing the PHIVIDECON Industrial Authority and Making It a Subsidiary Agency of the Philippine Veterans Investment Development Corporation Defining its Powers, Functions and Responsibilities, and for Other Purposes," as amended by Executive Order No. 1031, series of 1985;
11. Section 11 of Republic Act No. 7916, entitled "An Act Providing for the Legal Framework and Mechanisms for the Creation, Operation, Administration, and Coordination of Special Economic Zones in the Philippines, Creating for this Purpose, the Philippine Economic Zone Authority (PEZA), and for Other Purposes;"
12. Section 18 of Republic Act No. 7884, entitled "An Act Creating the National Dairy Authority to Accelerate the Development of the Dairy Industry in the Philippines, Providing for a Dairy Development Fund, and for Other Purposes;"
13. Section 8 of Republic Act No. 7903, entitled "An Act Creating Special Economic Zone and Freeport in the City of Zamboanga for this Purpose the Zamboanga City Special Economic Zone Authority, Appropriating Funds Therefor, and for Other Purpose;"
14. Section 12-a of Republic Act No. 10083, entitled "An Act Amending Republic Act No. 9490, otherwise known as the Aurora Special Economic Zone Act of 2007;"

15. Sections 29, 57, 74, 95 (c) of Republic Act No. 9593, entitled "An Act Declaring Tourism as Engine of Investment, Employment, Growth and National Development and Strengthening the Department of Tourism or Tourism Act of 2009;"
16. Section 10 of Presidential Decree No. 538, entitled "Creating and Establishing the PHIVIDEC Industrial Authority and Making it a Subsidiary Agency of the Philippine Veterans Investment Development Corporation Defining its Powers, Functions and Responsibilities, and for Other Purposes;"
17. Section 16 (a) (b) of Republic Act No. 9497, entitled "An Act Creating the Civil Aviation Authority of the Philippines, Authorizing the Appropriation of Funds Therefor, and for Other Purposes;"
18. Section 14 of Republic Act No. 7354, entitled "An Act Creating the Philippine Postal Corporation, Defining its Powers, Functions and Responsibilities, Providing For Regulation of the Industry and for Other Purposes Connected Therewith;"
19. Section 8 and 14 of Presidential Decree No. 269, entitled "Creating the National Electrification Administration as a Corporation, Prescribing its Powers and Activities, Appropriating the Necessary Funds Therefore and Declaring a National Policy Objective for the Total Electrification of the Philippines on an Area Coverage Service Basis, the Organization, Promotion and Development of Electric Cooperatives to Attain the Said Objective, Prescribing Terms and Conditions for their Operations, the Repeal of Republic Act 6038, and for Other Purposes;"
20. Section 2 and 19 of Republic Act No. 9679, entitled "An Act Amending the Home Development Mutual Fund Otherwise Known as the Pag-Ibig Fund;"
21. Section 17 (c) under Section 8 of Republic Act No. 9576, entitled "An Act Increasing the Maximum Deposit Insurance Coverage, and in connection therewith, to Strengthen the Regulatory and Administrative Authority, and Financial Capability of the Philippine Deposit Insurance Corporation (PDIC) Amending for this Purpose Republic Act Numbered Three Thousand Five Hundred Ninety-One, as amended otherwise known as the PDIC Charter and for other purposes;"
22. Section 13 of Republic Act No. 7820, entitled "An Act Creating the Partido Development Administration, Defining its Powers and Functions, Providing Funds Therefor, and for Other Purposes;"
23. Section 5 (j) of Republic Act No. 9510, entitled "An Act Establishing the Credit Information System and for Other Purposes;"
24. Section 13 (e) of Presidential Decree No. 857, entitled "Providing for the Reorganization of Port Administrative and Operation Functions in the Philippines, Revising Presidential Decree No. 505 dated July 11, 1974, Creating the Philippine Port Authority, by substitution, and for other Purposes;"
25. Section 19 of Republic Act No. 6847, entitled "An Act Creating and Establishing the Philippine Sports Commission, Defining its Powers, Functions, and Responsibilities, Appropriating Funds Therefor, and for Other Purposes;"
26. Section 8 (a) (b) and section 13 of Republic Act No. 6395, entitled "An Act Revising the Charter of the National Power Corporation;"
27. Section 21 of Republic Act No. 7306, entitled "An Act Providing for the Establishment of the People's Television Network, Inc., Defining its Powers and Functions, Providing for its Sources of Funding and for Other Purposes;"
28. Section 9 of Republic Act No. 7953, entitled "An Act Amending Republic Act Numbered Sixty – Six Hundred Thirty - Two, Entitled "An Act Granting the Philippine Racing Act, Inc., a Franchise to Operate and Maintain a Race Track for Horse Racing in the Province of Rizal, and Extending the said Franchise by 25 Years from the Expiration of the Term thereof;"
29. Section 12 of Republic Act No. 8407, entitled "an act amending Republic Act Numbered Sixty – Six Hundred Thirty - One, entitled "An Act Granting Manila Jockey Club, Inc., a Franchise to Construct, Operate and Maintain a Race Track for Horse Racing in the City of Manila or any Place within the Provinces of Bulacan, Cavite or Rizal and Extending the Said Franchise by 25 Years from the Expiration of the Term Thereof;"

30. Section 9 of Republic Act No. 8298, entitled "An Act Amending Republic Act Numbered Seventy-Nine Hundred Seventy-Eight, entitled "An Act Granting the Metro Manila Turf Club, Inc., a Franchise to Construct, Operate and Maintain a Racetrack for Horse Racing in the City of Kalookan;"
31. Section 12 of Republic Act No. 8446, entitled "An Act Granting the Fil-Asia Racing Club a Franchise to Construct, Operate and Maintain a Racetrack for Horse Racing in Rizal or Tarlac, or Pampanga or Batangas or Quezon City;"
32. Section 37 of Republic Act No. 6848, entitled "An Act Providing for the 1989 Charter of the Al Amanah Islamic Investment Bank of the Philippines, Authorizing its Conduct of Islamic Banking Business, and Repealing for this Purpose Presidential Decree Numbered Two Hundred And Sixty-Four as Amended by Presidential Decree Numbered Five Hundred and Forty-Two;"
33. Section 17 of Republic Act No. 7906, entitled "An Act Providing for the Regulation of the Organization and Operations of Thrift Banks, and for Other Purposes;"
34. Section 15 of Republic Act No. 7353, entitled "An Act Providing for the Creation, Organization and Operation of Rural Banks, and for Other Purposes;"
35. Book I Title III, Article 39 (a), (b), (c), (d), (e), (g), (i) and (j); Title IV Article 40, Book III Articles 59, 60, 61; Book IV Article 69, Book VI Articles 77, and 78 of Executive Order No. 226, series of 1987, entitled "the Omnibus Investments Code of 1987;"
36. Section 1 of Republic Act No. 7918, entitled "An Act Amending Article 39, Title III of Executive Order No. 226, otherwise Known as the Omnibus Investments Code of 1987, as Amended, and for Other Purposes;"
37. Articles 62, 63, 64, 65, 66, 67 and 69 of Republic Act No. 8756, entitled "An Act Providing for the Terms, Conditions and Licensing Requirements of Regional or Area Headquarters, Regional Operating Headquarters, Regional Warehouses of Multinational Companies Amending for the Purpose Certain Provisions of Executive Order No. 226, otherwise known as the Omnibus Investment Code of 1987;"
38. Executive Order No. 22 series of 2017 amending Executive Order No. 70 series of 2012 and Executive Order No. 528, series of 2006 and Executive Order No. 313, series of 2004, entitled "Reducing the Rates of Duty on Capital Equipment, Spare Parts and Accessories Imported by Board of Investments Registered New and Expanding Enterprises;"
39. Section 12 of Republic Act No. 8047, entitled "An Act Providing for the Development of the Book Publishing Industry through the Formulation and Implementation of a National Book Policy and a National Book Development Plan;"
40. Section 17 (1) to (8) in so far as tax exemption and/or VAT zero rating on domestic merchandise is concerned, and Section 18 (a), (b), (c) and (f) of Presidential Decree No. 66, entitled "Creating the Export Processing Zone Authority and Revising Republic Act No. 5490;"
41. Section 4 (e) and (f), in so far as tax exemption and/or VAT zero rating on domestic merchandise is concerned, of Republic Act No. 7903, entitled "An Act Creating Special Economic Zone and Freeport in the City of Zamboanga and Establishing for this Purpose the Zamboanga City Special Economic Zone Authority, Appropriating Funds Therefor, and for Other Purposes;"
42. Section 4 (b) (c), in so far as tax exemption and/or VAT zero rating on domestic merchandise is concerned, of Republic Act No. 7922, entitled "An Act Establishing a Special Economic Zone and Freeport in the Municipality of Santa Ana and the Neighboring Islands in the Municipality of Aparri, Province of Cagayan Providing Funds Therefor, and for other Purposes;"
43. Section 4 of Republic Act No. 8748, entitled "An Act Amending Republic Act No. 7916, otherwise Known as the Special Economic Zone Act of 1995;"
44. Sections 23 and 24 of Republic Act No. 7916, entitled "An Act Providing for the Legal Framework and Mechanisms for the Creation, Operation, Administration, and Coordination of Special Economic Zones in the Philippines, Creating for the Purpose the Philippine Economic Zone Authority (PEZA), and for Other Purposes;"

45. Section 1 of Republic Act No. 9400 amending Section 12 (b) of Republic Act No. 7227, in so far as tax exemption and VAT zero rating of domestic merchandise and capital equipment are concerned, Section 12 (c), Section 2 amending Section 15, second, third and last paragraph of Republic Act No. 7227, Section 3, first and second paragraph; Sections 4 and 5 entitled "An Act Amending Republic Act No. 7227, as amended, otherwise known as the Bases Conversion and Development Act of 1982, and for other Purposes;";
46. Section 1 of Executive Order No. 619, entitled "Creating and Designating Special Economic Zones Pursuant to Republic Act No. 7916, as amended by Republic Act No. 8784, in relation to Republic Act No. 7227, as amended by Republic Act No. 9400, inside the Clark Freeport Zone;"
47. Sections 5, 6, 7, 8 and 9 of Republic Act No. 9490, entitled "An Act Establishing the Aurora Special Economic Zone in the Province of Aurora, creating for the Purpose the Aurora Special Economic Zone Authority, Appropriating Funds Therefor and for Other Purposes;
48. Sections 3 (e) (f) (h) and 4 of Republic Act No. 10083, entitled "An Act Amending Republic Act No. 9490;"
49. Section 4 (f), in so far as tax exemption and/or Value Added Tax or VAT zero rating on domestic merchandise and capital equipment are concerned, and Sections 5, 6 and 10 of Republic Act No. 9728, entitled "An Act Converting the Bataan Economic Zone Located in the Municipality of Mariveles, Province of Bataan, into the Freeport Area of Bataan (FAB), Creating for this Purpose the Authority of the Freeport Area of Bataan (AFAB), Appropriating Funds Therefor and for Other Purposes;"
50. Sections 36 (e) and (f) of Presidential Decree No. 705, entitled "Revising PD No. 389, otherwise known as the Forestry Reform Code of the Philippines;"
51. Section (b) (1) (c) of Republic Act No. 9003, entitled "An Act Providing for an Ecological Solid Waste Management Program, Creating the Necessary Institutional Mechanisms and Incentives, Declaring Certain Acts Prohibited and Providing Penalties, Appropriating Funds Therefor and for Other Purposes;"
52. Section 26 a (1) (3) of Republic Act No. 9275, entitled "An Act Providing for Comprehensive Water Quality Management and for Other Purposes;"
53. Sections 16 and 17 of Republic Act No. 7844, entitled "An Act to Develop Exports as a Key Towards the Achievement of the National Goals Towards the Year 2000;"
54. Section 13 of Republic Act No. 10817, entitled "An Act Instituting the Philippine Halal Export Development and Promotion Program, Creating for the Purpose the Philippine Halal Export Development and Promotion Board, and for Other Purposes;"
55. Section 14 of Republic Act No. 8423, entitled "An Act Creating the Philippine Institute of Traditional and Alternative Health Care (PITAHC) To Accelerate the Development of Traditional and Alternative Health Care in the Philippines, Providing for a Traditional and Alternative Health Care Development Fund and for other Purposes;"
56. Section 20 (d) (1) to (5) of Republic Act No. 10884, entitled "An Act Strengthening the Balanced Housing Development Program, amending for the Purpose Republic Act No. 7279, as amended, otherwise known as the Urban Development and Housing Act of 1992;"
57. Republic Act No. 7718, entitled "An Act Amending Certain Sections of Republic Act No. 6957, Entitled "An Act Authorizing the Financing, Construction, Operation and Maintenance of Infrastructure Projects by the Private Sector, and for Other Purposes;"
58. Section 6 (c) (d) (f) and Sections 7 and 8 of Republic Act No. 7103, entitled "An Act to Strengthen the Iron and Steel Industry and Promote Philippine Industrialization and for Other Purposes;"
59. Section 3 (a) to (d) and (h) of Republic Act No. 8502, entitled "An Act to Promote the Development of the Jewelry Manufacturing Industry, Providing Incentives Therefor and for Other Purposes;"
60. Section 5 (a) (b) of Republic Act No. 10771, entitled "An Act Promoting the Creation of Green Jobs, Granting Incentives and Appropriating Funds Therefor;"
61. Section 9 (h) (10) of Republic Act No. 9501, entitled "Promoting Entrepreneurship by Strengthening Development and Assistance Programs to Micro, Small and Medium Scale Enterprises Amending RA 6977, otherwise known as the Magna Carta For Small Enterprises;"

62. Section 7 of Republic Act No. 9178, entitled "An Act to Promote the Establishment of Barangay Micro Business Enterprises (BMBES), Providing Incentives and Benefits Therefor, and for Other Purposes;"
63. Chapter XV, Section 83; Chapter XVI, Sections 90, 91, 92, 93 of Republic Act No. 7942, entitled "An Act Instituting a New System of Mineral Resources Exploration, Development, Utilization and Conservation;"
64. Chapter II, Section 4 and Chapter VIII, Section 19 of Republic Act No. 9295, entitled "An Act Promoting the Development of Philippine Domestic Shipping, Shipbuilding, Ship Repair and Ship Breaking, Ordaining Reforms in Government Policies Towards Shipping in the Philippines and for other Purposes;"
65. Section 6 of Republic Act No. 7471, as amended, entitled "An Act to Promote the Development of Philippine Overseas Shipping;"
66. Sections 86, 88 and 95 (a) and (b) of Republic Act No. 9593, entitled "An Act Declaring a National Policy for Tourism as an Engine of Investment, Employment, Growth and National Development, and Strengthening the Department of Tourism and its Attached Agencies to Effectively and Efficiently Implement that Policy, and Appropriating Funds Therefor;"
67. Section 8, in so far as investment incentives are concerned, of Republic Act No. 10816, entitled "An Act Providing for the Development and Promotion of Farm Tourism in the Philippines;"
68. Section 8 of Presidential Decree 1491- Amending Section 8 of Presidential Decree no. 538 (Philippine Veterans Investment Development Corporation);"
69. Section 8, in so far as tax exemption and VAT zero rating of domestic merchandise are concerned, and Section 9 of Presidential Decree No. 538, entitled "Creating and Establishing the PHIVIDEDEC Industrial Authority and Making it a Subsidiary Agency of the Philippine Veterans Development Corporation, Defining its Powers, Functions and Responsibilities, and for Other Purposes;"
70. Section 1 (1.1) of Executive Order No. 97-A s. 1993, entitled "Further Clarifying the Tax and Duty-Free Privilege within the Subic Special Economic and Free Port Zone;"
71. Sections 4(f) and 5(c)(k), in so far as tax exemption and/or VAT zero rating on domestic merchandise is concerned, and Section 12-b of Republic Act No. 10083, entitled "An Act Amending Republic Act No. 9490, otherwise known as the Aurora Special Economic Zone Act Of 2007;"
72. Section 5 (5.1) and (5.2) of Executive Order No. 290 series of 2004, entitled "Implementing the Natural Gas Vehicle Program for Public Transport;"
73. Sections 18 and 20 of Republic Act No. 6847, entitled "An Act Creating and Establishing the Philippine Sports Commission, Defining its Powers, Functions, And Responsibilities, Appropriating Funds therefor, and for Other Purposes;"
74. Section 22 of Republic Act No. 9337, entitled "An Act Amending Sections 27, 28, 34, 106, 107, 108, 109, 110, 111, 112, 113, 114, 116, 117, 119, 121, 148, 151, 236, 237 and 288 of the National Internal Revenue Code of 1997, as Amended, and for Other Purposes;"
75. Sections 1 (6) and 2 of Presidential Decree No. 776, entitled "Repealing All Laws, Acts, Decrees, Orders and Ordinances Granting Exemptions from Taxes, Duties, Fees, Imposts and Other Charges under Certain Exceptions and Creating a Fiscal Incentives Board;"
76. Section 2 of Presidential Decree No. 1931, s. 1984, entitled "Directing the Rationalization of Duty and Tax Exemption Privileges Granted to Government-Owned or Controlled Corporations and All Other Units of Government;"
77. Section 1 (c), (d) Executive Order No. 93, series of 1986, entitled "Withdrawing All Tax and Duty Incentives, Subject to Certain Exceptions, Expanding the Powers of the Fiscal Incentives Review Board and for other Purposes;"
78. Section 1 (a) and (b) of Presidential Decree No. 1955, entitled "Withdrawing, Subject to Certain Conditions, the Duty and Tax Privileges Granted to Private Business Enterprises and/or Persons Engaged in any Economic Activity and for Other Purposes."