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Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

February 24, 2021

President RODRIGO ROA DUTERTE
Malacañan Palace
Manila

Mr. President:

Pursuant to the provisions of Section 27, Paragraph (1), Article VI of the Constitution, I have been directed to present, for consideration and approval, the attached copies of the consolidated version of House Bill No. 4157 and Senate Bill No. 1357, entitled:

"AN ACT REFORMING THE CORPORATE INCOME TAX AND INCENTIVES SYSTEM, AMENDING FOR THE PURPOSE SECTIONS 20, 22, 25, 27, 28, 29, 34, 40, 57, 109, 116, 204 AND 290 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND CREATING THEREIN NEW TITLE XIII, AND FOR OTHER PURPOSES."

Respectfully yours,

MARK LLANDRO 'DONG' L. MENDOZA
Secretary General

PRESIDENTIAL LEGISLATIVE LIAISON OFFICE
HOUSE OF REPRESENTATIVES
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Rec'd by : Nerd
Date : 2-24-21 Time : 8:35 AM

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H.No. 4157
S. No. 1357

Republic of the Philippines
Congress of the Philippines
Metro Manila

Eighteenth Congress

Second Regular Session

Begun and held in Metro Manila, on Monday, the twenty-seventh day of July, two thousand twenty.

[REPUBLIC ACT NO.]

AN ACT REFORMING THE CORPORATE INCOME TAX AND INCENTIVES SYSTEM, AMENDING FOR THE PURPOSE SECTIONS 20, 22, 25, 27, 28, 29, 34, 40, 57, 109, 116, 204 AND 290 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND CREATING THEREIN NEW TITLE XIII, AND FOR OTHER PURPOSES

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

SECTION 1. *Short Title.* – This Act shall be known as the "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE".

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to develop the national economy towards global competitiveness by implementing tax policies instrumental in

attracting investments, which will result in productivity enhancement, employment generation, countrywide development, and a more inclusive economic growth, while at the same time maintaining fiscal prudence and stability.

To achieve these objectives, the State shall:

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

(b) Develop, subject to the provisions of this Act, a more responsive and globally-competitive tax incentives regime that is performance-based, targeted, time-bound, and transparent;

(c) Provide support to businesses in their recovery from unforeseen events such as an outbreak of communicable diseases or a global pandemic, and strengthen the nation's capability for similar circumstances in the future; and

(d) Create a more equitable tax incentive system that will allow for inclusive growth and generation of jobs and opportunities in all the regions of the country, and ensure access and ease in the grant of these incentives especially for applicants in least developed areas.

SEC. 3. Section 20 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

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

"(A) x x x

"(B) *Submission of Tax-Related Information to the Department of Finance.* – The Commissioner shall, upon the order of the Secretary of Finance specifically identifying the needed information and justification for such order in relation to the grant of incentives under Title XIII, furnish the Secretary

pertinent information on the entities receiving incentives under this Code: *Provided, however,* That the Secretary and the relevant officers handling such specific information shall be covered by the provisions of Section 270 unless the taxpayer consents in writing to such disclosure.

"(C) *Report to Oversight Committee.* – The Commissioner shall, with reference to Section 204 of this Code, submit to the Oversight Committee referred to in Section 290 hereof, through the Chairpersons of the Committees on Ways and Means of the Senate and House of Representatives, a report on the exercise of his powers pursuant to the said Section, every six (6) months of each calendar year."

SEC. 4. Section 22 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 22. *Definitions.* – x x x

"(A) x x x

"(B) The term 'corporation' shall include one person corporations, partnerships, no matter how created or organized, joint-stock companies, joint accounts (*cuentas en participacion*), associations, or insurance companies, but does not include general professional partnerships and a joint venture or consortium formed for the purpose of undertaking construction projects or engaging in petroleum, coal, geothermal and other energy operations pursuant to an operating consortium agreement under a service contract with the Government. 'General professional partnerships' are partnerships formed by persons for the sole purpose of exercising their common profession, no part of the income of which is derived from engaging in any trade or business.

"x x x."

SEC. 5. Section 25 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 25. *Tax on Nonresident Alien Individual.* –

"(A) x x x

"(1) x x x

"(2) *Cash and/or Property Dividends from a Domestic Corporation or Joint Stock Company, or Insurance or Mutual Fund Company or Regional Operating Headquarter or Multinational Company, or Share in the Distributable Net Income of a Partnership (Except a General Professional Partnership), Joint Account, Joint Venture Taxable as a Corporation or Association, Interests, Royalties, Prizes, and Other Winnings.* – Cash and/or property dividends from a domestic corporation, or from a joint stock company, or from an insurance or mutual fund company or from a regional operating headquarter of multinational company, or the share of a nonresident alien individual in the distributable net income after tax of a partnership (except a general professional partnership) of which he is a partner, or the share of a nonresident alien individual in the net income after tax of an association, a joint account, or a joint venture taxable as a corporation of which he is a member or a co-venturer; interests; royalties (in any form); and prizes (except prizes amounting to Ten thousand pesos (P10,000.00) or less which shall be subject to tax under Subsection (B)(1) of Section 24) and other winnings (except winnings amounting to Ten thousand pesos (P10,000.00) or less from Philippine Charity Sweepstakes Office (PCSO) games which shall be exempt); shall be

subject to an income tax of twenty percent (20%) on the total amount thereof: *Provided, however,* That royalties on books as well as other literary works, and royalties on musical compositions shall be subject to a final tax of ten percent (10%) on the total amount thereof: *Provided, further,* That cinematographic films and similar works shall be subject to the tax provided under Section 28 of this Code: *Provided, furthermore,* That interest income from long-term deposit or investment in the form of savings, common or individual trust funds, deposit substitutes, investment management accounts and other investments evidenced by certificates in such form prescribed by the Bangko Sentral ng Pilipinas (BSP) shall be exempt from the tax imposed under this Subsection: *Provided, finally,* That should the holder of the certificate pre-terminate the deposit or investment before the fifth (5^{th}) year, a final tax shall be imposed on the entire income and shall be deducted and withheld by the depository bank from the proceeds of the long-term deposit or investment certificate based on the remaining maturity thereof:

"Four (4) years to less than five (5) years - 5%;

"Three (3) years to less than four (4) years - 12%; and

"Less than three (3) years - 20%.

"(3) x x x."

SEC. 6. Section 27 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

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

"(A) *In General.* – Except as otherwise provided in this Code, an income tax rate of twenty-five percent (25%) effective July 1, 2020, is hereby imposed upon the taxable income derived during each taxable year from all sources within and without the Philippines by every corporation, as defined in Section 22(B) of this Code and taxable under this Title as a corporation, organized in, or existing under the laws of the Philippines.

"*Provided,* That corporations with net taxable income not exceeding Five million pesos (P5,000,000.00) and with total assets not exceeding One hundred million pesos (P100,000,000.00), excluding land on which the particular business entity's office, plant, and equipment are situated during the taxable year for which the tax is imposed, shall be taxed at twenty percent (20%).

"In the case of corporations adopting the fiscal-year accounting period, the taxable income shall be computed without regard to the specific date when specific 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.

"(B) *Proprietary Educational Institutions and Hospitals.* – Proprietary educational institutions and hospitals which are nonprofit shall pay a tax of ten percent (10%) on their taxable income except those covered by Subsection (D) hereof: *Provided,* That beginning July 1, 2020 until June 30, 2023, the tax rate herein imposed shall be one percent (1%): *Provided, further,* That if the gross income from 'unrelated trade, business

or other activity' exceeds fifty percent (50%) of the total gross income derived by such educational institutions or hospitals from all sources, the tax prescribed in Subsection (A) hereof shall be imposed on the entire taxable income. For purposes of this Subsection, the term 'unrelated trade, business or other activity' means any trade, business or other activity, the conduct of which is not substantially related to the exercise or performance by such educational institution or hospital of its primary purpose or function. 'Proprietary' means a private hospital, or any private school maintained and administered by private individuals or groups with an issued permit to operate from the Department of Education (DepEd), or the Commission on Higher Education (CHED), or the Technical Education and Skills Development Authority (TESDA), as the case may be, in accordance with existing laws and regulations.

"(C) *Government-owned or -Controlled Corporations, Agencies or Instrumentalities.* – The provisions of existing special or general laws to the contrary notwithstanding, all corporations, agencies, or instrumentalities owned or controlled by the Government, except the Government Service Insurance System (GSIS), the Social Security System (SSS), the Home Development Mutual Fund (HDMF), the Philippine Health Insurance Corporation (PHIC), and the local water districts shall pay such rate of tax upon their taxable income as are imposed by this Section upon corporations or associations engaged in a similar business, industry, or activity.

"(D) *Rates of Tax on Certain Passive Incomes.* – x x x

"x x x

"(4) *Intercorporate Dividends.* – Dividends received by a domestic corporation shall not be

subject to tax under this Title: *Provided,* That for foreign-sourced dividends to be exempt, the funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received and shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project: *Provided, further,* That the domestic corporation holds directly at least twenty percent (20%) of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of two (2) years at the time of the dividends distribution.

"(E) *Minimum Corporate Income Tax on Domestic Corporations.*

"(1) *Imposition of Tax.* – A minimum corporate income tax of two percent (2%) of the gross income as of the end of the taxable year, as defined herein, is hereby imposed on a corporation taxable under this Title, beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum income tax is greater than the tax computed under Subsection (A) of this Section for the taxable year: *Provided,* That effective July 1, 2020 until June 30, 2023, the rate shall be one percent (1%).

"(2) x x x

"(3) x x x

"(4) x x x."

SEC. 7. Section 28 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

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

"(1) *In General.* – Except as otherwise provided in this Code, a corporation organized, authorized, or existing under the laws of any foreign country, engaged in trade or business within the Philippines, shall be subject to an income tax equivalent to twenty-five percent (25%) of the taxable income derived in the preceding taxable year from all sources within the Philippines effective July 1, 2020.

"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.

"(2) *Minimum Corporate Income Tax of Resident Foreign Corporations.* – A minimum corporate income tax of two percent (2%) of gross income, as prescribed under Section 27(E) of this Code, shall be imposed, under the same conditions, on a resident foreign corporation taxable under paragraph (1) of this Subsection: *Provided,* That effective July 1, 2020 until June 30, 2023, the rate shall be one percent (1%).

"(3) x x x

"(4) *Tax on Branch Profits Remittances.* – x x x

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

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

"(b) Regional operating headquarters as defined in Section 22(EE) shall pay a tax of ten percent (10%) of their taxable income: *Provided,* That effective January 1, 2022, regional operating headquarters shall be subject to the regular corporate income tax.

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

"(a) *Interest from Deposits and Yield or any other Monetary Benefit from Deposit Substitutes, Trust Funds and Similar Arrangements and Royalties.* – Interest from any currency bank deposit and yield or any other monetary benefit from deposit substitutes and from trust funds and similar arrangements and royalties derived from sources within the Philippines shall be subject to a final income tax at the rate of twenty percent (20%) of such interest: *Provided, however,* That interest income derived by a resident foreign corporation from a depository bank under the expanded foreign currency deposit system shall be subject to a final income tax at the rate of fifteen percent (15%) of such interest income.

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

"(c) *Capital Gains from Sale of Shares of Stock Not Traded in the Stock Exchange.* – A final tax at the rate of fifteen percent (15%) is hereby imposed upon the net capital gains realized during the taxable year from the sale, barter, exchange or

other disposition of shares of stock in a domestic corporation except shares sold or disposed of through the stock exchange.

"(d) *Intercorporate Dividends.* – x x x

"(B) *Tax on Nonresident Foreign Corporation.* –

"(1) *In General.* – Except as otherwise provided in this Code, a foreign corporation not engaged in trade or business in the Philippines, effective January 1, 2021, shall pay a tax equal to twenty-five percent (25%) of the gross income received during each taxable year from all sources within the Philippines, such as interests, dividends, rents, royalties, salaries, premiums (except reinsurance premiums), annuities, emoluments or other fixed or determinable annual, periodic or casual gains, profits and income, and capital gains, except capital gains subject to tax under subparagraph 5(c).

"(2) x x x

"(3) x x x

"(4) x x x

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

"(a) *Interest on Foreign Loans.* – x x x

"(b) *Intercorporate Dividends.* – A final withholding tax at the rate of fifteen percent (15%) is hereby imposed on the amount of cash and/or property dividends received from a domestic corporation, which shall be collected and paid as provided in Section 57(A) of this Code, subject to the

condition that the country in which the nonresident foreign corporation is domiciled, shall allow a credit against the tax due from the nonresident foreign corporation taxes deemed to have been paid in the Philippines equivalent to fifteen percent (15%), which represents the difference between the regular income tax and the fifteen percent (15%) tax on dividends as provided in this subparagraph: *Provided,* That effective July 1, 2020, the credit against the tax due shall be equivalent to the difference between the regular income tax rate provided in Section 28(B)(1) of this Code and the fifteen percent (15%) tax on dividends;

"(c) *Capital Gains from Sale of Shares of Stock Not Traded in the Stock Exchange.* – A final tax at the rate of fifteen percent (15%) is hereby imposed upon the net capital gains realized during the taxable year from the sale, barter, exchange or other disposition of shares of stock in a domestic corporation, except shares sold, or disposed of through the stock exchange."

SEC. 8. Section 29 of the National Internal Revenue Code of 1997, as amended, on the imposition of improperly accumulated earnings tax, is hereby repealed.

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

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

"(A) *Expenses.* –

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

"(a) x x x

"(i) x x x

"x x x

"(v) An additional deduction from taxable income of one-half (1/2) of the value of labor training expenses incurred for skills development of enterprise-based trainees enrolled in public senior high schools, public higher education institutions, or public technical and vocational institutions and duly covered by an apprenticeship agreement under Presidential Decree No. 442, series of 1974, or the 'Labor Code of the Philippines', as amended, shall be granted to enterprises: *Provided, further,* That for the additional deduction for enterprise-based training of students from public educational institutions, the enterprise shall secure proper certification from the DepEd, TESDA, or CHED: *Provided, finally,* That such deduction shall not exceed ten percent (10%) of direct labor wage.

"(B) *Interest.* –

"(1) *In General.* – The amount of interest paid or incurred within a taxable year on indebtedness in connection with the taxpayer's profession, trade or business shall be allowed as deduction from gross income: *Provided, however,* That the taxpayer's otherwise allowable deduction for interest expense shall be reduced by twenty percent (20%) of the interest income subjected to final tax: *Provided, finally,* That if the interest

income tax is adjusted in the future, the interest expense reduction rate shall be adjusted accordingly based on the prescribed standard formula as defined in the rules and regulations to be promulgated by the Secretary of Finance, upon the recommendation of the Commissioner of Internal Revenue.

"(2) x x x

"(C) *Taxes.* – x x x

"(D) *Losses.* – x x x

"(E) *Bad Debts.* – x x x

"(F) *Depreciation.* – x x x

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

"(H) *Charitable and Other Contributions.* – x x x

"(I) *Research and Development.* – x x x

"(J) *Pension Trusts.* – x x x

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

"(L) *Optional Standard Deduction (OSD).* – x x x."

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

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

"(A) x x x

"(B) x x x

"(C) Exchange of Property. – x x x

"(1) General Rule. – x x x

"(2) Exception. – No gain or loss shall be recognized on a corporation or on its stock or securities if such corporation is a party to a reorganization and exchanges property in pursuance of a plan of reorganization solely for stock or securities in another corporation that is a party to the reorganization. A reorganization is defined as:

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

"(b) The acquisition by one corporation, in exchange solely for all or a part of its voting stock, or in exchange solely for all or part of the voting stock of a corporation which is in control of the acquiring corporation, of stock of another corporation if, immediately after the acquisition, the acquiring corporation has control of such other corporation whether or not such acquiring corporation had control immediately before the acquisition; or

"(c) The acquisition by one corporation, in exchange solely for all or a part of its voting stock or in exchange solely for all or part of the voting stock of a corporation which is in control of the acquiring corporation, of substantially all of the properties of another corporation. In determining whether the exchange is solely for stock, the assumption by the acquiring corporation of a liability of the others shall be disregarded; or

"(d) A recapitalization, which shall mean an arrangement whereby the stock and bonds of a corporation are readjusted as to amount, income, or priority or an agreement of all stockholders and creditors to change and increase or decrease the capitalization or debts of the corporation or both; or

"(e) A reincorporation, which shall mean the formation of the same corporate business with the same assets and the same stockholders surviving under a new charter.

"No gain or loss shall also be recognized if property is transferred to a corporation by a person, alone or together with others, not exceeding four (4) persons, in exchange for stock or unit of participation in such a corporation of which as a result of such exchange the transferor or transferors, collectively, gains or maintains control of said corporation: *Provided,* That stocks issued for services shall not be considered as issued in return for property.

"Sale or exchanges of property used for business for shares of stock covered under this Subsection shall not be subject to value-added tax.

"In all of the foregoing instances of exchange of property, prior Bureau of Internal Revenue confirmation or tax ruling shall not be required for purposes of availing the tax exemption.

"x x x

"(6) Definitions. –

"(a) x x x

"(b) x x x

"(c) The term 'control', when used in this Section, shall mean ownership of stocks in a corporation after the transfer of property possessing at least fifty-one percent (51%) of the total voting power of all classes of stocks entitled to vote: *Provided,* That the collective and not the individual ownership of all classes of stocks entitled to vote of the transferor or transferors under this Section shall be used in determining the presence of control.

"x x x."

SEC. 11. Section 57 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 57. *Withholding of Tax at Source.* –

"(A) x x x

"(B) x x x

"(C) x x x

"The Department of Finance shall review, at least once every three (3) years, regulations and processes for the withholding of creditable tax under this Code, and direct the Bureau of Internal Revenue to amend rules and regulations for the same, should it be found during the review that the existing rules, regulations, and processes for the withholding of creditable tax under this Code adversely and materially impact the taxpayer."

SEC. 12. Section 109 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 109. *Exempt Transactions.* –

"(1) Subject to the provisions of Subsection (2) hereof, the following transactions shall be exempt from the value-added tax:

"x x x

"(P) Sale of real properties not primarily held for sale to customers or held for lease in the ordinary course of trade or business or real property utilized for low-cost and socialized housing as defined by Republic Act No. 7279, otherwise known as the 'Urban Development and Housing Act of 1992', and other related laws, residential lot valued at Two million five hundred thousand pesos (P2,500,000.00) and below, house and lot, and other residential dwellings valued at Four million two hundred thousand pesos (P4,200,000.00) and below: *Provided,* That beginning January 1, 2024 and every three (3) years thereafter, the amounts herein stated shall be adjusted to present values using the Consumer Price Index, as published by the Philippine Statistics Authority (PSA);

"x x x

"(R) Sale, importation, printing or publication of books, and any newspaper, magazine, journal, review bulletin, or any such educational reading material covered by the UNESCO Agreement on the Importation of Educational, Scientific and Cultural Materials, including the digital or electronic format thereof: *Provided,* That the materials enumerated herein are not devoted principally to the publication of paid advertisements;

"x x x

"(AA) Sale of or importation of prescription drugs and medicines for:

"(i) Diabetes, high cholesterol, and hypertension beginning January 1, 2020; and

"(ii) Cancer, mental illness, tuberculosis, and kidney diseases beginning January 1, 2021:

"*Provided,* That the DOH shall issue a list of approved drugs and medicines for this purpose within sixty (60) days from the effectivity of this Act: and

"(BB) Sale or importation of the following beginning January 1, 2021 to December 31, 2023:

"(i) Capital equipment, its spare parts and raw materials, necessary for the production of personal protective equipment components such as coveralls, gown, surgical cap, surgical mask, N-95 mask, scrub suits, goggles and face shield, double or surgical gloves, dedicated shoes, and shoe covers, for COVID-19 prevention;

"(ii) All drugs, vaccines and medical devices specifically prescribed and directly used for the treatment of COVID-19; and

"(iii) Drugs for the treatment of COVID-19 approved by the Food and Drug Administration (FDA) for use in clinical trials, including raw materials directly necessary for the production of such drugs: *Provided,* That the Department of Trade and Industry (DTI) shall certify that such equipment, spare parts or raw materials for importation are not locally available or insufficient in quantity, or not in accordance with the quality or specification required: *Provided, further,* That for item (ii), within sixty (60) days from the effectivity of this Act, and every three (3) months thereafter, the Department of Health (DOH) shall issue a list of prescription drugs and medical devices covered by this provision: *Provided, finally,* That the exemption claimed under

this Subsection shall be subject to post audit by the Bureau of Internal Revenue or the Bureau of Customs as may be applicable.

"(CC) Sale or lease of goods or properties or the performance of services other than the transactions mentioned in the preceding paragraphs, the gross annual sales and/or receipts do not exceed the amount of Three million pesos (P3,000,000.00)."

SEC. 13. Section 116 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 116. *Tax on Persons Exempt from Value-Added Tax (VAT).* – Any person whose sales or receipts are exempt under Section 109(CC) of this Code from the payment of value-added tax and who is not a VAT-registered person shall pay a tax equivalent to three percent (3%) of his gross quarterly sales or receipts: *Provided,* That cooperatives, shall be exempt from the three percent (3%) gross receipts tax herein imposed: *Provided, further,* That effective July 1, 2020 until June 30, 2023, the rate shall be one percent (1%)."

SEC. 14. Section 204 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

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

"(A) x x x

"(B) x x x

"(C) Credit or refund taxes erroneously or illegally received or penalties imposed without authority, refund the value of internal revenue

stamps when they are returned in good condition by the purchaser, and in his discretion, redeem or change unused stamps that have been rendered unfit for use and refund their value upon proof of destruction. No credit or refund of taxes or penalties shall be allowed unless the taxpayer files in writing with the Commissioner a claim or refund within two (2) years after the payment of the tax or penalty: *Provided, however,* That a return filed showing an overpayment shall be considered as a written claim for credit or refund: *Provided, further,* That in proper cases, the Commissioner shall grant a refund for taxes or penalties within ninety (90) days from the date of complete submission of the documents in support of the application filed: *Provided, furthermore,* That should the Commissioner find that the grant of refund is not proper, the Commissioner must state in writing the legal and factual basis for the denial: *Provided, finally,* That in case of full or partial denial of the claim for tax refund, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim, appeal the decision with the Court of Tax Appeals.

"x x x."

SEC. 15. Section 290 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 290. *Congressional Oversight Committee.* –

"A Congressional Oversight Committee, hereinafter referred to as the Committee, is hereby constituted in accordance with the provisions of this Code. The Committee shall be composed of the Chairpersons of the Committee on Ways and

Means of the Senate and House of Representatives and four (4) additional members from each House, to be designated by the Speaker of the House of Representatives and the Senate President, respectively.

"The Committee shall, among others, in aid of legislation:

"(1) x x x;

"(2) x x x;

"(3) x x x;

"(4) x x x; and

"(5) Review the performance of the Fiscal Incentives Review Board.

"x x x."

SEC. 16. A new Title XIII shall be introduced in the National Internal Revenue Code of 1997, as amended, and the existing Titles XIII and XIV shall be re-sectioned accordingly. The new Title XIII shall read as follows:

"TITLE XIII

"TAX INCENTIVES

"CHAPTER I

"GENERAL PROVISIONS ON TAX INCENTIVES

"SEC. 291. *Scope and Coverage.* – This Title shall cover all existing Investment Promotion Agencies as defined in this Code or related laws unless otherwise specifically exempted from the coverage of this Code.

"The Investment Promotion Agencies shall maintain their functions and powers as provided under the special laws governing them except to the extent modified by the provisions of this Code: Notwithstanding the provisions of this Section, the Department of Finance, the Bureau of Internal Revenue, and the Bureau of Customs shall retain their respective mandates, powers and functions as provided for under this Act and related laws."

"SEC. 292. *Extent of Authority to Grant Tax Incentives.* – The Fiscal Incentives Review Board, or the Investment Promotion Agencies, under a delegated authority from the Fiscal Incentives Review Board, shall grant the appropriate tax incentives provided in this Title to be granted to registered business enterprises only to the extent of their approved registered project or activity under the Strategic Investment Priority Plan."

"SEC. 293. *Definitions.* – When used in this Title:

"(A) *Capital equipment* refers to machinery, equipment, major components thereof, tools, devices, applications or apparatus, which are directly or reasonably needed in the registered project or activity of the registered enterprise;

"(B) *Direct local employment* refers to the full and decent employment of Filipinos by registered business enterprises under an employer-employee relationship to perform functions that are directly related to the production of goods or performance of services under the registered project or activity;

"(C) *Domestic input* refers to purchases of locally manufactured goods or locally produced raw materials or domestically outsourced services known as services embedded in manufacturing that are used directly in the production of goods

under the registered project or activity. In the case of locally manufactured goods, fifty percent (50%) of the value-added of the said good should likewise be locally produced or manufactured;

"(D) *Domestic market enterprise* refers to any enterprise registered with the Investment Promotion Agency other than export enterprise;

"(E) *Export enterprise* refers to any individual, partnership, corporation, Philippine branch of a foreign corporation, or other entity organized and existing under Philippine laws and registered with the Investment Promotion Agency to engage in manufacturing, assembling or processing activity, and services such as information technology (IT) activities and business process outsourcing (BPO), and resulting in the direct exportation, and/or sale of its manufactured, assembled or processed product or IT/BPO services to another registered export enterprise that will form part of the final export product or export service of the latter, of at least seventy percent (70%) of its total production or output;

"(F) *Freeport zones* refer to an isolated and policed area adjacent to a port of entry, which shall be operated and managed as a separate customs territory to ensure free flow or movement of goods, except those expressly prohibited by law, within, into, and exported out of the freeport zone where imported goods may be unloaded for immediate transshipment or stored, repacked, sorted, mixed, or otherwise manipulated without being subject to import duties. However, movement of these imported goods from the free-trade area to a non-free trade area in the country shall be subject to all applicable internal revenue taxes and duties: *Provided,* That for the freeport to qualify as a separate customs territory, a freeport shall have a permanent customs control or customs office at its perimeter;

"(G) *Investment capital* refers to the value of investment indicated in Philippine currency, excluding the value of land and working capital, that shall be used to carry out a registered project or activity, except that land shall be included as investment capital for registered real estate development. Investment capital may include the cost of land improvements, buildings, leasehold improvements, machinery and equipment, and other non-current tangible assets;

"(H) *Investment Promotion Agencies* refer to government entities created by law, executive order, decree or other issuance, in charge of promoting investments, granting and administering tax and non-tax incentives, and overseeing the operations of the different economic zones and freeports in accordance with their respective special laws. These include the Board of Investments (BOI), Regional Board of Investments-Autonomous Region in Muslim Mindanao (RBOI-ARMM), Philippine Economic Zone Authority (PEZA), Bases Conversion and Development Authority (BCDA), Subic Bay Metropolitan Authority (SBMA), Clark Development Corporation (CDC), John Hay Management Corporation (JHMC), Poro Point Management Corporation (PPMC), Cagayan Economic Zone Authority (CEZA), Zamboanga City Special Economic Zone Authority (ZCSEZA), PHIVIDEC Industrial Authority (PIA), Aurora Pacific Economic Zone and Freeport Authority (APECO), Authority of the Freeport Area of Bataan (AFAB), Tourism Infrastructure and Enterprise Zone Authority (TIEZA), and all other similar existing authorities or that may be created by law unless otherwise specifically exempted from the coverage of this Code;

"(I) *Metropolitan areas* refer to Metro Cebu and Metro Davao or those local government units which are later qualified or grouped as such by the National Economic and Development Authority or through laws or executive issuances;

"(J) *Other government agencies administering tax incentives* refer to government agencies other than Investment Promotion Agencies which register or administer tax incentives of any kind to any specific entities and/or class of persons pursuant to any law;

"(K) *Other registered entities* refer to any individual, partnership, organization, corporation, Philippine branch of a foreign corporation, or other entity incorporated and/or organized and existing under Philippine laws, and registered with other government agencies administering tax incentives;

"(L) *Qualified capital expenditure* refers to purchases of capital goods with a useful life of more than one (1) year acquired for the entity's production of goods and services to be directly used in the project or activity of the registered business enterprise;

"(M) *Registered business enterprise* refers to any individual, partnership, corporation, Philippine branch of a foreign corporation, or other entity organized and existing under Philippine laws and registered with an Investment Promotion Agency excluding service enterprises such as those engaged in customs brokerage, trucking or forwarding services, janitorial services, security services, insurance, banking, and other financial services, consumers' cooperatives, credit unions, consultancy services, retail enterprises, restaurants, or such other similar services, as may be determined by the Fiscal Incentives Review Board, irrespective of location, whether inside or outside the zones, duly accredited or licensed by any of the Investment Promotion Agencies and whose income delivered within the economic zones shall be subject to taxes under the National Internal Revenue Code of 1997, as amended;

"(N) *Research and development* refers to experimental or other related projects or activities:

"(1) Whose outcome cannot be known or determined in advance on the basis of current knowledge, information or experience, but can only be determined by applying a systematic progression of work:

"(i) Based on principles of established science; and

"(ii) Proceeds from hypothesis to experiment, observation and evaluation, and leads to logical conclusions.

"(2) That are conducted for the purpose of generating new knowledge, including new knowledge in the form of new or improved materials, products, devices, processes or services;

"(O) *Sophisticated* refers to the state when a product or service requires a high level of technology, human capital, competencies or know-how, and infrastructure to be produced or offered;

"(P) *Sophistication* refers to the level of technology, human capital, competencies or know-how, and infrastructure required for a product or service to be offered by an economy like that of the Philippines;

"(Q) *Source document* refers to input materials and documents reasonably needed by information technology (IT) and IT-enabled industries such as books, directories, magazines, newspapers, brochures, pamphlets, medical records or files, legal records or files, instruction materials, and drawings, blueprints, or outlines;

"(R) *Special economic zone* or *ecozone* refers to a selected area, which shall be operated and managed as a separate customs territory that is highly developed or has the potential to be developed

into an agro-industrial, industrial, information technology, or tourist/recreational area, whose metes and bounds are fixed or delimited by presidential proclamations and within a specific geographical area which includes industrial estates (IEs), export processing zones (EPZs), ICT parks and centers, and free trade zones: *Provided,* That for the ecozone to qualify as a separate customs territory, an ecozone shall have a permanent customs control or customs office at its perimeter: *Provided, however,* That areas where mining extraction is undertaken shall not be declared as an ecozone: *Provided, further,* That vertical economic zones, such as, but not limited to, buildings, selected floors within buildings, and selected areas on a floor, need to comply with the minimum contiguous land area as determined by the Fiscal Incentives Review Board; and

"(S) *Training* refers to courses, curricula, certifications or modules provided to Filipino employees that are directly related to the production of goods or performance of services under the registered project or activity and that are of a technical nature, which shall develop or improve the specific skills or practical knowledge of the employee especially in the mechanical, industrial art, scientific field or practical science of a particular position or job function in the registered project or activity, or in preparation for enhancing the value chain."

"CHAPTER II

"TAX AND DUTY INCENTIVES

"SEC. 294. *Incentives.* – Subject to the conditions and period of availment in Sections 295 and 296, respectively, the following types of tax incentives may be granted to registered projects or activities:

"(A) Income Tax Holiday (ITH);

"(B) Special Corporate Income Tax (SCIT) Rate – For export enterprise, domestic market enterprise with a minimum investment capital of Five hundred million pesos (P500,000,000.00), and domestic market enterprise under the Strategic Investment Priority Plan engaged in activities that are classified as 'critical,' a tax rate equivalent to five percent (5%) effective July 1, 2020, based on the gross income earned, in lieu of all national and local taxes.

"The domestic market enterprise under the Strategic Investment Priority Plan engaged in activities that are classified as 'critical' shall refer to those enterprises belonging to industries identified by the National Economic and Development Authority to be crucial to national development.

"The period of availment of the Special Corporate Income Tax shall be subject to the conditions set under paragraphs (A) and (B) of Section 296 of this Act:

"Provided, That the national government share shall be three percent (3%) of the gross income earned effective July 1, 2020: *Provided, further,* That, if applicable, the shares of the local government units and the Investment Promotion Agencies under the special laws governing the latter shall be observed and shall not result in the diminution of their respective shares: *Provided, finally,* That the share of the local government unit which has jurisdiction over the place of the registered activity of registered business enterprise outside ecozones and freeports shall be two percent (2%) and shall be directly remitted by the registered business enterprise to such local government units.

"(C) Enhanced Deductions (ED) – For export enterprise, domestic market enterprise, and critical domestic market enterprise, the following may be allowed as deductions:

"(1) Depreciation allowance of the assets acquired for the entity's production of goods and services (qualified capital expenditure) – additional ten percent (10%) for buildings; and additional twenty percent (20%) for machineries and equipment;

"(2) Fifty percent (50%) additional deduction on the labor expense incurred in the taxable year;

"(3) One hundred percent (100%) additional deduction on research and development expense incurred in the taxable year;

"(4) One hundred percent (100%) additional deduction on training expense incurred in the taxable year;

"(5) Fifty percent (50%) additional deduction on domestic input expense incurred in the taxable year;

"(6) Fifty percent (50%) additional deduction on power expense incurred in the taxable year;

"(7) Deduction for reinvestment allowance to manufacturing industry – When a manufacturing registered business enterprise reinvests its undistributed profit or surplus in any of the projects or activities listed in the Strategic Investment Priority Plan, the amount reinvested to a maximum of fifty percent (50%) shall be allowed as a deduction from its taxable income within a period of five (5) years from the time of such reinvestment; and

"(8) Enhanced Net Operating Loss Carry-Over (NOLCO). – The net operating loss of the registered project or activity during the first three (3) years from the start of commercial operation, which had not been previously offset as deduction from gross income, may be carried over as deduction from gross

income within the next five (5) consecutive taxable years immediately following the year of such loss.

"(D) Duty exemption on importation of capital equipment, raw materials, spare parts, or accessories; and

"(E) Value-Added Tax (VAT) exemption on importation and VAT zero-rating on local purchases."

"SEC. 295. *Conditions of Availment.* – The tax incentives in the preceding Section shall be governed by the following rules:

"(A) The income tax holiday shall be followed by the Special Corporate Income Tax rate or Enhanced Deductions.

"(B) At the option of the export enterprise, the domestic market enterprise with a minimum investment capital of Five hundred million pesos (P500,000,000.00), and the domestic market enterprise engaged in activities that are classified as 'critical,' the Special Corporate Income Tax rate or enhanced deductions shall be granted: *Provided,* That in no case shall the enhanced deductions be granted simultaneously with the Special Corporate Income Tax.

"The following conditions for the availment of each enhanced deductions shall be complied with:

"(1) The depreciation allowance of the assets acquired for the entity's production of goods and services (qualified capital expenditure) shall be allowed for assets that are directly related to the registered enterprise's production of goods and services other than administrative and other support services.

"(2) The additional deduction on the labor expense shall not include salaries, wages, benefits, and other personnel costs incurred for managerial, administrative, indirect labor, and support services.

"(3) The additional deduction on research and development expense shall only apply to research and development directly related to the registered project or activity of the entity and shall be limited to local expenditure incurred for salaries of Filipino employees and consumables and payments to local research and development organizations.

"(4) The additional deduction on training expense shall only apply to trainings, as approved by the Investment Promotion Agencies based on the Strategic Investment Priority Plan, given to the Filipino employees engaged directly in the registered business enterprise's production of goods and services.

"(5) The additional deduction on domestic input expense shall only apply to domestic input that are directly related to and actually used in the registered export project or activity of the registered business enterprise.

"(6) The additional deduction on power expense shall only apply to power utilized for the registered project or activity.

"(7) The deduction for reinvestment allowance to manufacturing industry shall be determined in the Strategic Investment Priority Plan.

"(C) The duty exemption shall only apply to the importation of capital equipment, raw materials, spare parts, or accessories directly and exclusively used in the registered project or activity by registered business enterprises: *Provided,* That the following conditions are complied with:

"(1) The capital equipment, raw materials, spare parts, or accessories are directly and reasonably needed and will be used exclusively in and as part of the direct cost of the registered project or activity of the registered business enterprise, and are not produced or manufactured domestically in sufficient quantity or of comparable quality and at reasonable prices. Prior approval of the Investment Promotion Agency may be secured for the part-time utilization of said capital equipment, raw materials, spare parts, or accessories in a non-registered project or activity to maximize usage thereof: *Provided,* That the proportionate taxes and duties are paid on a specific capital equipment, raw materials, spare parts, or accessories in proportion to the utilization for non-registered projects or activities. In the event that the capital equipment, raw materials, spare parts, or accessories shall be used for a non-registered project or activity of the registered business enterprise at any time within the first five (5) years from date of importation, the registered business enterprise shall first seek prior approval of the concerned Investment Promotion Agency and pay the taxes and customs duties that were not paid upon the importation; and

"(2) The approval of the Investment Promotion Agency was obtained by the registered business enterprise prior to the importation of such capital equipment, raw materials, spare parts, or accessories.

"Within the first five (5) years from date of importation, approval of the Investment Promotion Agency must be secured before the sale, transfer, or disposition of the capital equipment, raw materials, spare parts, or accessories, which were granted tax and customs duty exemption hereunder, and shall be allowed only under the following circumstances:

"(a) If made to another enterprise availing customs duty exemption on imported capital equipment, raw materials, spare parts, or accessories;

"(b) If made to another enterprise not availing of duty exemption on imported capital equipment, raw materials, spare parts, or accessories, upon payment of any taxes and duties due on the net book value of the capital equipment, raw materials, spare parts, or accessories to be sold;

"(c) Exportation of capital equipment, raw materials, spare parts, accessories, source documents, or those required for pollution abatement and control;

"(d) Proven technical obsolescence of the capital equipment, raw materials, spare parts, or accessories; or

"(e) If donated to the TESDA, state universities and colleges (SUCs), or DepEd and CHED-accredited schools: *Provided,* That the donation shall be exempt from import duties and taxes, including donor's tax.

"*Provided,* That if the registered business enterprise sells, transfers, or disposes the aforementioned imported items without prior approval, the registered business enterprise and the vendee, transferee, or assignee shall be solidarily liable to pay twice the amount of the duty exemption that should have been paid during its importation: *Provided, further,* That the sale, transfer, or disposition of the capital equipment, raw materials, spare parts, or accessories made after five (5) years from date of importation shall require that prior notice be given by the registered business enterprise to the Investment Promotion Agency: *Provided, finally,* That even if the sale, transfer, or disposition of the capital equipment, raw materials, spare parts or accessories was made after five (5) years from date of importation with notice to the Investment Promotion Agency, the registered business enterprise is still liable to

pay the duties based on the net book value of the capital equipment, raw materials, spare parts, or accessories if it has violated any of its registration terms and conditions.

"(D) The VAT exemption on importation and VAT zero-rating on local purchases shall only apply to goods and services directly and exclusively used in the registered project or activity by a registered business enterprise.

"Notwithstanding the provisions in the preceding paragraphs, sales receipts and other income derived from non-registered project or activity shall be subject to appropriate taxes imposed under this Code.

"(E) Notwithstanding any law to the contrary, the importation of COVID-19 vaccine shall be exempt from import duties, taxes and other fees, subject to the approval or licenses issued by the Department of Health or the Food and Drug Administration.

"(F) Persons who directly import petroleum products defined under Republic Act No. 8479, otherwise known as the 'Downstream Oil Industry Deregulation Act of 1998', for resale in the Philippine customs territory and/or in free zones as defined under Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act, shall not be entitled to the foregoing tax and duty incentives, and shall be subject to appropriate taxes imposed under this Code.

"Any law to the contrary notwithstanding, the importation of petroleum products by any person, including registered business enterprises, shall be subject to the payment of applicable duties and taxes as provided under Republic Act No. 10863, otherwise known as the Customs

Modernization and Tariff Act, and this Code, respectively, upon importation into the Philippine customs territory and/or into free zones as defined under Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act:

"Provided, That the importer can file for claims for the refund of duties and taxes applicable under Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act, and this Code, respectively, for direct or indirect export of petroleum products, and/or other tax-exempt sales under the Customs Modernization and Tariff Act and other special laws within the period provided therein:

"Provided, further, That the importers who subsequently export fuel, subject to the appropriate rules of the fuel marking program, may apply for a refund of duties and taxes, as applicable under Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act, and this Code.

"(G) Crude oil that is intended to be refined at a local refinery, including the volumes that are lost and not converted to petroleum products when the crude oil actually undergoes the refining process, shall be exempt from payment of applicable duties and taxes upon importation:

"Provided, That applicable duties and taxes on petroleum products shall be payable only upon lifting of the petroleum products produced from the imported crude oil, subject to rules and regulations that may be prescribed by the Bureau of Customs and the Bureau of Internal Revenue, to ensure that crude oil shall not be lifted from the refinery without payment of appropriate duties and taxes.

"Registered business enterprises, whose performance commitments include job generation, shall maintain their employment levels to the extent practicable, and in the case of reduced employment or when the performance commitment for job generation is not met, the registered business enterprises must submit to their respective Investment Promotion Agencies and the Fiscal Incentives Review Board their justification for the same."

"SEC. 296. *Period of Availment.* – The period of availment of incentive by the registered business enterprise shall be as follows:

"(A) For export enterprise and for domestic market enterprise under the Strategic Investment Priority Plan engaged in activities that are classified as 'critical': income tax holiday of four (4) to seven (7) years, depending on location and industry priorities as specified in this Section, and followed by special corporate income tax rate or enhanced deductions for ten (10) years.

"A qualified expansion or entirely new project or activity registered under this Act may qualify to avail of a new set of incentives and its period of availment, granted under Sections 294 and 296 of this Act, respectively, subject to the qualifications set forth in the Strategic Investment Priority Plan and performance review by the Fiscal Incentives Review Board: *Provided,* That existing registered projects or activities prior to the effectivity of this Act may qualify to register and avail of the incentives granted under this Act for the prescribed period, subject to the criteria and conditions set forth in the Strategic Investment Priority Plan;

"(B) For domestic market enterprise under the Strategic Investment Priority Plan not classified as critical, income tax holiday for four (4) to seven (7)

years followed by special corporate income tax or enhanced deductions for five (5) years:

"*Provided,* That only domestic market enterprise, which has an investment capital of not less than Five hundred million pesos (P500,000,000.00), shall be eligible for the special corporate income tax rate.

"A qualified expansion or entirely new project or activity registered under this Act may qualify to avail of a new set of incentives and its period of availment granted under Sections 294 and 296 of this Act, respectively, subject to the qualifications set forth in the Strategic Investment Priority Plan and performance review by the Fiscal Incentives Review Board: *Provided,* That existing registered projects or activities prior to the effectivity of this Act may qualify to register and avail of the incentives granted under this Act for the prescribed period, subject to the criteria and conditions set forth in the Strategic Investment Priority Plan.

"The period of availment of the foregoing incentives shall commence from the actual start of commercial operations with the registered business enterprise availing of the tax incentives within three (3) years from the date of registration, unless otherwise provided in the Strategic Investment Priority Plan and its corresponding guidelines: *Provided,* That after the expiration of the transitory period under Section 311(C), export enterprises registered prior to the effectivity of this Act shall have the option to reapply and avail of the incentives granted under Section 294(B) for the same period provided under this Section, and may still be extended for a certain period not exceeding ten (10) years at any one time, subject to the conditions and qualifications set forth in the Strategic Investment Priority Plan and performance review by the Fiscal Incentives Review Board.

"For the purpose of this Section, the determination of the category shall be based on both location and industry of the registered project or activity, and other relevant factors as may be defined in the Strategic Investment Priority Plan.

"The location of the registered project or activity shall be prioritized according to the level of development as follows: (1) National Capital Region; (2) metropolitan areas or areas contiguous and adjacent to the National Capital Region; and (3) all other areas. The metropolitan areas shall be determined by the National Economic and Development Authority.

"The industry of the registered project or activity shall be prioritized according to national industrial strategy specified in the Strategic Investment Priority Plan. The Strategic Investment Priority Plan shall define the coverage of the tiers and provide the conditions for qualifying the activities:

"(1) Tier I shall include activities that (i) have high potential for job creation; (ii) take place in sectors with market failures resulting in underprovision of basic goods and services; (iii) generate value creation through innovation, upgrading or moving up the value chain; (iv) provide essential support for sectors that are critical to industrial development; or (v) are emerging owing to potential comparative advantage.

"These activities shall include agriculture, fishing, forestry, and agribusiness activities, including handicrafts intended for export, and energy; ecozone and freeport zone development; manufacturing of medical supplies, devices and equipment, and construction of healthcare facilities; facilities for environmentally-sustainable disposal of waste; infrastructure; manufacturing

and service industries that are emerging resulting from innovation, upgrading or addressing gaps in the supply and value chain; mass housing, as well as infrastructure, transportation, utilities, logistics and support services; the provision of cyber security services; and planned developments that use technologies and digital solutions that are crucial to the country's development.

"(2) Tier II shall include activities that produce supplies, parts and components, and intermediate services that are not locally produced but are critical to industrial development and import-substituting activities, including crude oil refining.

"(3) Tier III activities shall include (i) research and development resulting in demonstrably significant value-added, higher productivity, improved efficiency, breakthroughs in science and health, and high-paying jobs; (ii) generation of new knowledge and intellectual property registered and/or licensed in the Philippines; (iii) commercialization of patents, industrial designs, copyrights and utility models owned or co-owned by a registered business enterprise; (iv) highly technical manufacturing; or (v) are critical to the structural transformation of the economy and require substantial catch-up efforts.

"These activities shall include agriculture, fishing, forestry, agribusiness, and other activities and services that indispensably require the employment of knowledge processing, modern science; data analytics; creative content; engineering; state of the art technologies; technologies that are available in other countries but are not yet available or widely used in the Philippines; and research and development in the process of production of goods and services, resulting in demonstrably significant value-added,

productivity, efficiency, breakthroughs in science and health, and high-paying jobs; and manufacturing of FDA-approved investigational drugs, medicines and medical devices.

"The period of availment of incentives based on the combination of both location and industry priorities, as determined in the Strategic Investment Priority Plan, shall be as follows:

"For exporters and critical domestic market activities:

Location/ Industry Tiers	Tier I	Tier II	Tier III
National Capital Region	4 ITH + 10 ED/SCIT	5 ITH + 10 ED/SCIT	6 ITH + 10 ED/SCIT
Metropolitan areas or areas contiguous and adjacent to the National Capital Region	5 ITH + 10 ED/SCIT	6 ITH + 10 ED/SCIT	7 ITH + 10 ED/SCIT
All other areas	6 ITH + 10 ED/SCIT	7 ITH + 10 ED/SCIT	7 ITH + 10 ED/SCIT

"For domestic market activities:

Location / Industry Tiers	Tier I	Tier II	Tier III
National Capital Region	4 ITH + 5 ED/SCIT	5 ITH + 5 ED/SCIT	6 ITH + 5 ED/SCIT
Metropolitan areas or areas contiguous and adjacent to NCR	5 ITH + 5 ED/SCIT	6 ITH + 5 ED/SCIT	7 ITH + 5 ED/SCIT
All other areas	6 ITH + 5 ED/SCIT	7 ITH + 5 ED/SCIT	7 ITH + 5 ED/SCIT

"In addition to the incentives provided in tiers above, projects or activities of registered enterprises located in areas recovering from armed conflict or a major disaster, as determined by the Office of the President, shall be entitled to two (2) additional years of income tax holiday.

"Projects or activities registered prior to the effectivity of this Act, or under the incentive system provided herein that shall, in the duration of their incentives, completely relocate from the National Capital Region, shall be entitled to three (3) additional years of income tax holiday: *Provided,* That the additional incentive shall commence at the completion of the relocation of operations.

"The industry and locational prioritization specified herein shall be subject to review and revision every three (3) years in accordance with the Strategic Investment Priority Plan, subject to the standards in Section 300 hereof, or in exceptional circumstances, to attract substantial investment to respond to a situation or crisis or to target specific industries."

"CHAPTER III

"THE FISCAL INCENTIVES REVIEW BOARD

"SEC. 297. *Expanded Functions of the Fiscal Incentives Review Board.* – The functions and powers of the Fiscal Incentives Review Board created under Presidential Decree No. 776, as amended, shall be expanded as follows:

"(A) To exercise policy making and oversight functions on the administration and grant of tax incentives by the Investment Promotion Agencies and other government agencies administering tax incentives. In particular, the Fiscal Incentives Review Board shall:

"(1) Determine the target performance metrics as conditions to avail of tax incentives;

"(2) Review and audit the compliance of other government agencies administering tax incentives, with respect to the administration and grant of tax incentives and impose sanctions such as, but not limited to, withdrawal, suspension, or cancellation of their power to grant tax incentives;

"(3) Determine the minimum contiguous land area that vertical economic zones should comply with;

"(4) Conduct regular monitoring and evaluation of investment and non-investment tax incentives, such as using cost-benefit analysis (CBA) to determine their impact on the economy and whether agreed performance targets are met; and

"(5) Check and verify, as necessary, the compliance of registered business enterprises with the terms and conditions of their availment, in particular the agreed target performance metrics, rules and regulations of this Act, and other relevant laws or issuances;

"(B) To approve or disapprove, the grant of tax incentives to the extent of the registered project or activity upon the recommendation of the Investment Promotion Agency: *Provided,* That the application for tax incentives shall be duly accompanied by a cost-benefit analysis: *Provided, further,* That the Fiscal Incentives Review Board shall prescribe the data requirements for the application of incentives to allow for the calculation of costs and benefits upon application: *Provided, further,* That the grant of tax incentives to registered projects or activities with investment capital of One billion pesos (P1,000,000,000.00) and below shall be delegated by the Fiscal Incentives

Review Board to the concerned Investment Promotion Agency to the extent of the registered project or activity: *Provided, furthermore,* That the Fiscal Incentives Review Board may increase the threshold amount of One billion pesos (P1,000,000,000.00): *Provided, finally,* That the application for tax incentives shall be deemed approved if not acted upon within twenty (20) days from the date of submission of the application and complete relevant supporting documents to the Fiscal Incentives Review Board or the Investment Promotion Agency, as the case may be;

"(C) To approve applications for tax subsidies to government-owned or -controlled corporations, government instrumentalities, government commissaries, and state universities and colleges.

"For this purpose, the other government agencies shall ensure complete submission of applications, documents, records, books, or other relevant data or material;

"(D) To formulate place-specific strategic investment plans during periods of recovery from calamities and post-conflict situations and where the Fiscal Incentives Review Board determines that there is a need to attract many classes, firms, that would accelerate the growth of a region's flagship industries, in accordance with the Medium-Term Development Plan. The Fiscal Incentives Review Board may formulate and approve place-specific strategic investment plans and recommend incentives to the President, following the same procedure in Section 297;

"(E) To cancel, suspend, or withdraw the enjoyment of fiscal incentives of concerned registered business enterprises on its own initiative or upon the recommendation of the Investment Promotion Agency for material

violations of any of the conditions imposed in the grant of fiscal incentives, including, but not limited to, the non-compliance of the agreed performance commitments and endorse registered business enterprises whose incentives are cancelled, suspended, or withdrawn to the concerned revenue agencies for the assessment and collection of taxes and duties due commencing from the first year of availment;

"(F) To cancel, suspend, or withdraw the enjoyment of tax subsidy of concerned government-owned or -controlled corporations, government instrumentalities, government commissaries, and state universities and colleges, and when necessary, endorse the same to the concerned revenue agencies for assessment and collection of taxes and duties due, including fines or penalties, if warranted, for violations of any of the conditions imposed in the grant of tax subsidy, or provisions of this Act, or applicable rules;

"(G) To require Investment Promotion Agencies and other government agencies administering tax incentives to submit, regularly or when requested, summaries of approved investment and incentives granted, and firm- or entity-level tax incentives and benefits data as input to the Fiscal Incentives Review Board's review and audit function, and evaluation of performance of recipients of tax incentives. For this purpose, the Fiscal Incentives Review Board shall maintain a masterlist of registered products and services for export or domestic consumption that are entitled to incentives: *Provided,* That, to facilitate compliance with the foregoing, the Department of Trade and Industry, in coordination with relevant regulatory bodies, shall cause the registration and reporting by registered business enterprises of the types of services rendered whether domestically or to foreign clients; types of products manufactured domestically, products imported and sold locally, and products exported;

"(H) To publish regularly, per firm, the data pertaining to the amount of tax incentives, tax payments, and other related information, including benefits data;

"(I) To obtain information, summon, examine, inquire and receive from other government agencies administering tax incentives, government-owned or -controlled corporations, government instrumentalities, government commissaries, state universities and colleges, and local government units, documents, records, books, or other data relevant or material to the resolution of issues arising from the approval, disapproval, cancellation, suspension, withdrawal or forfeiture of tax subsidy, or in imposing penalties for violations of the terms and conditions on the availment of tax subsidy, or any of the provisions of this Act;

"(J) To submit annual reports to the Office of the President, as part of the budget process, covering its policy and activities in the administration of this Act, including recommendations on tax incentive policies and approval of tax incentives;

"(K) To decide on issues, on its own initiative or upon the recommendation of the Investment Promotion Agency, after due hearing, concerning the approval, disapproval, cancellation, suspension, withdrawal, or forfeiture of tax incentives or tax subsidy in accordance with this Act. The Fiscal Incentives Review Board shall decide on the matter within ninety (90) days from the date when the Fiscal Incentives Review Board declares the issues submitted for resolution. A business enterprise adversely affected by the decision of the Fiscal Incentives Review Board may, within thirty (30) days from receipt of the adverse decision, appeal the same to the Court of Tax Appeals;

"(L) To promulgate such rules and regulations as may be necessary to implement the intent and provisions of this Section;

"(M) To recommend to the President the grant of appropriate non-fiscal incentives in accordance with the Strategic Investment Priority Plan for highly desirable projects or very specific industrial activities and based on: (a) benefit-cost analysis approved by the Fiscal Incentives Review Board; and (b) containing a schedule of budgets of expenditures and sources of financing with magnitudes provisionally approved via resolution for inclusion in the upcoming National Expenditure Plans by the Development Budget Coordination Committee;

"(N) To adopt policies for the development and expansion of the domestic supply chain in order to reduce dependence on imports; promote diversification and sophistication of products produced and services offered, whether exported or consumed locally; and cater to local market demand; and

"(O) To exercise all other powers necessary or incidental to attain the purposes of this Act and other laws vesting additional functions on the Fiscal Incentives Review Board.

"The functions of the Fiscal Incentives Review Board under Sections 297(A)(1) and (5), (E), (G), (H), (J), and (K) shall be exercised in relation to the grant of tax incentives to registered projects or activities with the total investment capital of more than One billion pesos (P1,000,000,000.00), as provided herein.

"Notwithstanding the provisions in the preceding paragraphs, tax and duty incentives granted through legislative franchises shall be

excepted from the foregoing expanded powers of the Fiscal Incentives Review Board to review, withdraw, suspend, or cancel tax incentives and subsidies."

"SEC. 298. *Composition of the Fiscal Incentives Review Board.* – The Fiscal Incentives Review Board shall be reconstituted as follows:

"Chairperson	–	Secretary of Finance
"Co-Chairperson	–	Secretary of Trade and Industry
"Members	–	Executive Secretary of the Office of the President
	–	Secretary of Budget and Management
	–	Director General of the National Economic and Development Authority

"The Board shall have a technical committee, which shall serve as its main support unit and perform functions as may be assigned, and shall be composed of the following:

"Chairperson	–	Undersecretary of Finance
"Members	–	Undersecretary or Assistant Secretary of the Office of the Executive Secretary

	–	Undersecretary of Trade and Industry and Board of Investments Managing Head or Assistant Secretary of Trade and Industry
	–	Undersecretary or Assistant Secretary of Budget and Management
	–	Deputy or Assistant Director General of the National Economic and Development Authority
	–	Commissioner or Deputy Commissioner of Internal Revenue
	–	Commissioner or Deputy Commissioner of Customs
	–	Commissioner of the Philippine Competition Commission
	–	Director General or Chairperson or Administrator of the Investment Promotion Agencies: *Provided,* That the participation of the Investment Promotion Agency representative in deliberations and

		decision-making processes of the technical committee shall be limited to the matters concerning their Investment Promotion Agency
"Secretariat	–	The secretariat shall be headed by an Assistant Secretary of Finance and shall be staffed by the National Tax Research Center."

"SEC. 299. *Structure and Staffing Pattern.* – To support the expanded functions of the Fiscal Incentives Review Board, the National Tax Research Center, as secretariat thereof, shall create three (3) additional groups, namely, Fiscal Incentives Management Group, Monitoring and Evaluation Group, and Legal Group. Each group shall be composed of at least two (2) divisions, which will be headed by a deputy executive director. The existing administrative and financial branch of the National Tax Research Center shall be converted into a group to be headed by a deputy executive director and will be composed of four (4) divisions, namely, finance, human resource management and development, general services, and management and information system.

"Provided, That the Fiscal Incentives Review Board secretariat is authorized to determine its organizational structure and staffing pattern, and create such services, divisions, and units, as it may require or deem necessary in the future, subject to the approval by the Department of Budget and Management: *Provided, finally,* That nothing herein modifies the existing organizational structure and staffing pattern of the Investment

Promotion Agencies or affects their power to maintain or determine their respective organizational structure and staffing pattern."

"CHAPTER IV

"QUALIFIED PROJECTS OR ACTIVITIES FOR TAX INCENTIVES

"SEC. 300. *Strategic Investment Priority Plan.* – The Board of Investments, in coordination with the Fiscal Incentives Review Board, Investment Promotion Agencies, other government agencies administering tax incentives, and the private sector, shall formulate the Strategic Investment Priority Plan to be submitted to the President for approval, which may contain recommendations for types of non-fiscal support needed to create high-skilled jobs to grow a local pool of enterprises, particularly micro, small and medium enterprises (MSMEs), that can supply to domestic and global value chains, to increase the sophistication of products and services that are produced and/or sourced domestically, to expand domestic supply and reduce dependence on imports, and to attract significant foreign capital or investment. The Strategic Investment Priority Plan shall be valid for a period of three (3) years, subject to review and amendment every three (3) years thereafter unless there would be a supervening event that would necessitate its review.

"The Strategic Investment Priority Plan shall contain the following:

"(A) Priority projects or activities that are included in the Philippine Development Plan or its equivalent, or other government programs, taking into account any of the following:

"(1) Substantial amount of investments;

"(2) Considerable generation of employment, especially towards less developed areas;

"(3) Considerable amount of net exports;

"(4) Use of modern, advance, or new technology;

"(5) Processes and innovations that will lead towards the attainment of the sustainable development goals, shall include, but not be limited to, adoption of adequate environmental protection systems and sustainability strategies;

"(6) Addressing missing links and other gaps in the supply or value chain or otherwise moving up the value chain or product ladder;

"(7) Promotion of market competitiveness;

"(8) Enhancement of the capabilities of Filipino enterprises and professionals to produce and offer increasingly sophisticated products and services;

"(9) Contribution to Philippine food security and increase incomes in the agriculture and fisheries sector; or

"(10) Services and activities that can promote regional and global operations in the country.

"(B) Scope and coverage of location and industry tiers in Section 296; and

"(C) Terms and conditions on the grant of enhanced deductions under Section 294(C).

"All sectors or industries that may be included in the Strategic Investment Priority Plan shall

undergo an evaluation process to determine the suitability and potential of the industry or the sector in promoting long-term growth and sustainable development, and the national interest. In no case shall a sector or industry be included in the Strategic Investment Priority Plan unless it is supported by a formal evaluation process or report.

"The projects or activities must comply with the specific qualification requirements or conditions for a particular sector or industry and other limitations as set and determined by the Board of Investments, and in coordination with the Fiscal Incentives Review Board.

"In no case shall the Investment Promotion Agencies accept applications unless the project or activity is listed in the Strategic Investment Priority Plan. Projects or activities not listed in the Strategic Investment Priority Plan shall be automatically disapproved."

"SEC. 301. *Power of the President to Grant Incentives.* – Notwithstanding the provisions of Sections 295 and 296, the President may, in the interest of national economic development and upon the recommendation of the Fiscal Incentives Review Board, modify the mix, period or manner of availment of incentives provided under this Code or craft the appropriate financial support package for a highly desirable project or a specific industrial activity based on defined development strategies for creating high-value jobs, building new industries to diversify economic activities, and attracting significant foreign and domestic capital or investment, and the fiscal requirements of the activity or project, subject to maximum incentive levels recommended by the Fiscal Incentives Review Board: *Provided,* That the grant of income tax holiday shall not exceed eight (8) years and thereafter, a special corporate income tax rate of

five percent (5%) may be granted: *Provided, further,* That the total period of incentive availment shall not exceed forty (40) years.

"The Fiscal Incentives Review Board shall determine whether the benefits that the Government may derive from such investment are clear and convincing and far outweigh the cost of incentives that will be granted in determining whether a project or activity is highly desirable.

"The exercise by the President of his powers under this Section shall be based on a positive recommendation from the Fiscal Incentives Review Board upon its determination that the following conditions are satisfied:

"(1) The project has a comprehensive sustainable development plan with clear inclusive business approaches, and high level of sophistication and innovation; and

"(2) Minimum investment capital of Fifty billion pesos (P50,000,000,000.00) or its equivalent in US dollars, or a minimum direct local employment generation of at least ten thousand (10,000) within three (3) years from the issuance of the certificate of entitlement.

"*Provided,* That the threshold shall be subject to a periodic review by the Fiscal Incentives Review Board every three (3) years, taking into consideration international standards or other economic indicators: *Provided, further*, That if the project fails to substantially meet the projected impact on the economy and agreed performance targets, the Fiscal Incentives Review Board shall recommend to the President the cancellation of the tax incentive or financial support package or the modified period or manner of availment of incentives, after due hearing and an adequate

opportunity to substantially comply with the agreed performance targets and outputs.

"For this purpose, financial support includes utilization of government resources such as land use, water appropriation, power provision, and budgetary support provision under the annual General Appropriations Act.

"This power of the President, in as far as it commands additional public sector expenditures in support of investors, is suspended during fiscal years when, an unimaginable fiscal deficit is declared by the President on the advice of the Development Budget Coordination Committee with a consequence that even core budgetary obligations, such as, but not limited to, mandatory revenue allotments for local government units and budget for the National Economic and Development Authority's core public investments program, cannot be fully financed.

"The President may, upon request of an Investment Promotion Agency, exempt the latter from the coverage of the provisions of Title XIII of this Code with respect to the review and approval of applications for incentives, or modify the policy on thresholds for Fiscal Incentives Review Board approvals, pursuant to Section 297, should any of the following conditions exist:

"(A) When incentives system provided herein cause a significant, demonstrable, and attributable damage to the performance of an Investment Promotion Agency;

"(B) When it is reasonably evident that the incentives granted are no longer adequate, necessary, or appropriate;

"(C) When there is need to modify incentive privileges in the light of technological, economic, and social changes; or

"(D) When there is need to redesign the tax incentive schemes to obviate unemployment and avoid economic and social dislocation:

"Provided, That the abovementioned request is approved by a majority vote of its governing board:

"Provided, further, That such request is supported by a cost-benefit analysis reviewed by the Fiscal Incentives Review Board, and other quantitative and qualitative evidence demonstrating the Investment Promotion Agency's performance:

"Provided, finally, That the Investment Promotion Agency shall abide by the incentives regime provided herein:

"Notwithstanding the provisions in the preceding paragraphs, tax and duty incentives granted through legislative franchises shall be excepted from the foregoing powers of the President to review, withdraw, suspend, or cancel tax incentives and subsidies."

"SEC. 302. *Amendments to the Strategic Investment Priority Plan.* – Subject to publication requirements and the criteria for investment priority determination, the Board of Investments may include additional areas in the Strategic Investment Priority Plan, alter any of the terms of the declaration of an investment area, and temporarily suspend projects or activities on the Strategic Investment Priority Plan if it considers that such project or activity is no longer a priority within the effectivity of the Strategic Investment Priority Plan."

"SEC. 303. *Publication.* – Upon approval of the Strategic Investment Priority Plan, in whole or in part, or upon approval of an amendment thereof, the Plan or the amendment, specifying and declaring the areas of investments shall be published in at least one (1) newspaper of general circulation or in the *Official Gazette*: *Provided,* That all such areas in the existing Strategic Investment Priority Plan shall be open for application until publication of an amendment or deletion thereof."

"SEC. 304. *Qualifications of a Registered Business Enterprise for Tax Incentives.* – In the review and grant of tax incentives, the registered business enterprise must:

"(A) Be engaged in a project or activity included in the Strategic Investment Priority Plan;

"(B) Meet the target performance metrics after the agreed time period;

"(C) Install an adequate accounting system that shall identify the investments, revenues, costs and profits or losses of each registered project or activity undertaken by the enterprise separately from the aggregate investments, revenues, costs and profits or losses of the whole enterprise; or establish a separate corporation for each registered project or activity if the Investment Promotion Agency should so require;

"(D) Comply with the e-receipting and e-sales requirement in accordance with Sections 237 and 237(a) of this Code; and

"(E) Submit annual reports of beneficial ownership of the organization and related parties."

"CHAPTER V

"TAX INCENTIVES MANAGEMENT AND TRANSPARENCY

"SEC. 305. *Filing of Tax Returns and Submission of Tax Incentives Reports.* – All registered business enterprises and other registered entities whether taxable or exempt, are required to file their tax returns and pay their tax liabilities, on or before the deadline as provided under the National Internal Revenue Code of 1997, as amended, using the electronic system for filing and payment of taxes with the Bureau of Internal Revenue: *Provided,* That for purposes of complying with their tax obligations, cooperatives and other registered entities, which do not have access to the electronic facilities, shall file with their respective revenue district offices.

"For registered business enterprises and other registered enterprises availing of tax incentives administered by the Investment Promotion Agencies and other government agencies administering tax incentives, they shall file with their respective Investment Promotion Agencies or other government agencies administering tax incentives a complete annual tax incentives report of their income-based tax incentives, VAT exemptions and zero-rating, customs duty exemptions, deductions, credits or exclusions from the income tax base, and exemptions from local taxes, as provided under Section 294 of this Act and in the special laws of the concerned Investment Promotion Agency or other government agency administering tax incentives, and respective laws, and a complete annual benefits report which shall include data such as, but not limited to, the approved and actual amount of investments, approved and actual employment level and job creation including information on quality of jobs and hiring of foreign and local workers, approved and actual exports and

imports, domestic purchases, profits and dividend payout, all taxes paid, withheld and foregone within thirty (30) calendar days from the statutory deadline for filing of tax returns and payment of taxes: *Provided,* That a copy of the report shall be simultaneously submitted to the Fiscal Incentives Review Board in electronic form.

"The Investment Promotion Agencies and other government agencies administering tax incentives shall, within sixty (60) calendar days from the end of the statutory deadline for filing of the relevant tax returns, submit to the Bureau of Internal Revenue, their respective annual tax incentives reports based on the list of the registered business enterprises and other registered enterprises, which have filed said tax incentives report: *Provided,* That the reportorial requirement under Section 3 of Republic Act No. 10963 or the 'TRAIN Law' shall be covered by this Section.

"The details of the tax incentives reports, as provided in the preceding paragraphs, shall be provided in the implementing rules and regulations of this Act.

"The foregoing provisions shall be without prejudice to the right of the Bureau of Internal Revenue and the Bureau of Customs to assess and/or audit tax liabilities, if any, within the prescribed period provided in the National Internal Revenue Code of 1997, as amended, and Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act, as amended, respectively."

"SEC. 306. *Monitoring, Evaluation, and Reporting of Tax Incentives.* – Notwithstanding any law to the contrary, the Bureau of Internal Revenue and the Bureau of Customs shall submit to the Department of Finance: (a) all tax and duty

incentives of registered business enterprises and other registered enterprises, as reflected in their filed tax returns and import entries; and (b) actual tax and duty incentives as evaluated and determined by the Bureau of Internal Revenue and the Bureau of Customs.

"The Department of Finance shall maintain a single database for monitoring and analysis of tax incentives granted.

"The Fiscal Incentives Review Board is mandated to systematically collect and store all tax incentives and benefit data from the Department of Finance, Investment Promotion Agencies, other government agencies administering tax incentives, registered business enterprises, and other registered enterprises, as well as to evaluate and assess the process, outcomes, and impact of incentives granted to firms to determine whether agreed performance targets and intended results and outcomes are met. The method of evaluation may include the conduct of cost-benefit analysis or other process and impact evaluation methods: *Provided,* That for purposes of this Act, the term cost-benefit analysis refers to the systematic evaluation of the total costs of granting tax incentives *vis-à-vis* the total benefits derived from the grant of tax incentives based on the annual tax incentive report, annual benefits report, and other related sources, to calculate the net benefit or cost associated with tax incentives.

"For purposes of monitoring and transparency, the Department of Finance shall submit to the Department of Budget and Management (DBM) a per firm and per registered project and activity data arranged on a sectoral and per industry basis: (1) the amount of tax incentives availed of by registered business enterprises and other registered enterprises; (2) the estimate claims of tax incentives immediately

preceding the current year; (3) the programmed tax incentives for the current year; and (4) the projected tax incentives for the following year.

"The aforesaid data shall be reflected by the DBM in the annual Budget of Expenditures and Sources of Financing (BESF), which shall be known as the Tax Incentives Information (TII) Section: *Provided,* That the tax incentives information shall include a per firm data related to incentives availed of by registered business enterprises and other registered enterprises based on the submissions of the Department of Finance and the concerned Investment Promotion Agencies and other government agencies administering tax incentives, categorized by sector, by Investment Promotion Agency or other government agency administering tax incentives, and by type of tax incentive: *Provided, further,* That the results of the cost-benefit analysis shall be published at the per firm level by the Fiscal Incentives Review Board and a report shall be submitted to the President and Congress on an annual basis."

"SEC. 307. *Conduct of Impact Evaluation on Tax Incentives.* – The Fiscal Incentives Review Board is mandated to conduct impact evaluation such as a cost-benefit analysis on the investment and non-investment incentives to determine the impact of tax incentives on the Philippine economy and on the relevant sector.

"For this purpose, the Department of Finance, all heads of the Investment Promotion Agencies and other government agencies administering tax incentives shall submit to the Fiscal Incentives Review Board per firm- and per registered project- or activity-level in a machine-readable format:

"(1) Data on tax incentives based on the submissions of registered business enterprises and other registered enterprises; and

"(2) Other investment- and non-investment-related data.

"A third party government institution may conduct on its own or upon request of the Fiscal Incentives Review Board a peer review of the impact evaluation of the Board, or a parallel impact evaluation on the investment and non-investment incentives to determine the impact of the tax incentives on the Philippine economy and on the relevant sector: *Provided,* That for this purpose the Fiscal Incentives Review Board may provide anonymized firm-level data to the third party government institution, subject to a data sharing agreement."

"SEC. 308. *Penalties for Noncompliance with Filing and Reportorial Requirements.* – Any registered business enterprise or other registered enterprise, which fails to comply with filing and reportorial requirements with the appropriate Investment Promotion Agencies or other government agencies administering tax incentives and/or, which fails to show proof of filing of tax returns using the electronic system for filing and payment of taxes of the Bureau of Internal Revenue under Section 305 hereof, shall be imposed the following penalties by the appropriate Investment Promotion Agency or other government agency administering tax incentives:

"(A) First (1st) Violation – Payment of a fine amounting to One hundred thousand pesos (P100,000.00);

"(B) Second (2nd) Violation – Payment of a fine amounting to Five hundred thousand pesos (P500,000.00); and

"(C) Third (3rd) Violation – Cancellation by the Fiscal Incentives Review Board of the registration of the registered business enterprise or registered entity with the Investment Promotion Agency or other government agency administering tax incentives.

"*Provided,* That if the failure to show such proof is not due to the fault of the registered business enterprises or other registered enterprises, the same shall not be a ground for the suspension of the Income Tax Holiday (ITH) and/or other tax incentives availment: *Provided, further,* That collections from the penalties shall accrue to the general fund.

"After due process, the Fiscal Incentives Review Board or the concerned Investment Promotion Agency, as the case may be, may cancel the registration, suspend the enjoyment of incentive benefits of any registered enterprise, and/or require refund of incentives enjoyed by such enterprise, including interests and monetary penalties, for any material misrepresentation of information for the purpose of availing more incentives than what it is entitled to under this Code.

"*Provided,* That the Fiscal Incentives Review Board, with the recommendation of the Commissioner, may revoke or suspend incentives granted by an Investment Promotion Agency and/or order a business closure of a registered business enterprise that violates Title VI (Excise Taxes on Certain Goods) and Title X (Statutory Offenses and Penalties) of this Code and other related revenue regulations, orders, or issuances of the government: *Provided, further,* That such authority shall cover the acts of the registered business enterprise committed even in the first year of availment of incentives. Notwithstanding the provisions of this Section, the Department of

Finance, the Bureau of Internal Revenue, and the Bureau of Customs shall retain their respective mandates, powers and functions as provided for under this Act and related laws.

"Any government official or employee who fails without justifiable reason to provide or furnish the required tax incentives report or other data or information as required under Sections 306 and 307 of this Act shall be penalized, after due process, by a fine equivalent to the official's or employee's basic salary for a period of one (1) month to six (6) months or by suspension from government service for not more than one (1) year, or both, in addition to any criminal and administrative penalties imposable under existing laws."

"CHAPTER VI

"TRANSITORY AND MISCELLANEOUS PROVISIONS

"SEC. 309. *Prohibition on Registered Activities.* – A qualified registered project or activity under an Investment Promotion Agency administering an economic zone or freeport shall be exclusively conducted or operated within the geographical boundaries of the zone or freeport being administered by the Investment Promotion Agency in which the project or activity is registered: *Provided,* That a registered business enterprise may conduct or operate more than one qualified registered project or activity within the same zone or freeport under the same Investment Promotion Agency: *Provided, further,* That any project or activity conducted or performed outside the geographical boundaries of the zone or freeport shall not be entitled to the incentives provided in this Act, unless such project or activity is conducted or operated under another Investment Promotion Agency."

"SEC. 310. *Establishment of One-Stop Action Center.* – All Investment Promotion Agencies shall establish a one-stop shop or one-stop action center that will facilitate and expedite, to the extent possible, the setting up and conduct of registered projects or activities, including assistance in coordinating with the local government units and other government agencies to comply with Republic Act No. 11032, otherwise known as the Ease of Doing Business and Efficient Government Service Delivery Act of 2018: *Provided, however,* That the enterprises shall continue to avail of the one-stop shop facility notwithstanding the expiration of their incentives under this Code."

"SEC. 311. *Investments Prior to the Effectivity of This Act.* – Registered business enterprises with incentives granted prior to the effectivity of this Act shall be subject to the following rules:

"(A) Registered business enterprises whose projects or activities were granted only an income tax holiday prior to the effectivity of this Act shall be allowed to continue with the availment of the income tax holiday for the remaining period of the income tax holiday as specified in the terms and conditions of their registration: *Provided,* That for those that have been granted the income tax holiday but have not yet availed of the incentive upon the effectivity of this Act, they may use the income tax holiday for the period specified in the terms and conditions of their registration;

"(B) Registered business enterprises, whose projects or activities were granted an income tax holiday prior to the effectivity of this Act and that are entitled to the five percent (5%) tax on gross income earned incentive after the income tax holiday, shall be allowed to avail of the five percent

(5%) tax on gross income earned incentive based on Subsection (C); and

"(C) Registered business enterprises currently availing of the five percent (5%) tax on gross income earned granted prior to the effectivity of this Act shall be allowed to continue availing the said tax incentive at the rate of five percent (5%) for ten (10) years."

SEC. 17. *Repealing Clause.* –

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

(1) Article 7(14) of Executive Order No. 226, series of 1987, entitled: The Omnibus Investments Code of 1987;

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

(3) Section 8 of Republic Act No. 9400, entitled: "An Act Amending Republic Act No. 7227, as Amended, Otherwise Known as the Bases Conversion and Development Act of 1992, and for Other Purposes";

(4) Section 85(a) of Subchapter IV-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", as amended by Republic Act No. 11262; and

(5) Sections 7 and 8 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, entitled: "An Act Amending Republic Act No. 9490, Otherwise Known as the 'Aurora Special Economic Zone Act of 2007'";

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

(1) Articles 39(A), (B), (C), (D), (H), (I), (J), (L) and (M); 40, 41, 42, 61, 62, 63, 64, 65, and 67 of Executive Order No. 226, series of 1987, entitled: The Omnibus Investments Code of 1987, as amended by Republic Act No. 7918, and further amended by Republic Act No. 8756;

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

(3) Presidential Decree No. 66, entitled: "Creating the Export Processing Zone Authority and Revising Republic Act No. 5490";

(4) Section 4(e) of Republic Act No. 7903, entitled: "An Act Creating a Special Economic Zone and Free Port in the City of Zamboanga Creating for This Purpose the Zamboanga City Special Economic Zone Authority, Appropriating Funds Therefor, and for Other Purposes";

(5) Section 7 of Republic Act 9400, entitled: "An Act Amending Republic Act No. 7227, as Amended, Otherwise Known as the Bases Conversion and Development Act of 1992, and for Other Purposes";

(6) Section 4(b) of Republic Act No. 7922, entitled: "An Act Establishing a Special Economic Zone and Free Port 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";

(7) Sections 23 and 42 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" as amended by Republic Act No. 8748;

(8) Sections 4(f), 5(a), (b), (d), (e), (f), (g), (h), (j), (l), and (m), 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", as amended by Republic Act No. 10083;

(9) Sections 5, 9, 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";

(10) Section 16 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";

(11) Sections 86(a), (c), (d), (e), (f), and 88 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"; and

(12) Section 1(a) and (e) 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".

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

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

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

(3) Section 1(c) and (d) of 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"; and

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

(d) The provisions of the following laws on the Investment Priorities Plan that are inconsistent with the provisions of this Act are hereby repealed:

(1) Articles 7(1), 22, 26, 27, 28, 29, 30, 31 and 32 of Executive Order No. 226, series of 1987, entitled: The Omnibus Investments Code of 1987, as amended; and

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

(e) Sections 4, 5, 6, and 7 of Republic Act No. 10708, entitled: "An Act Enhancing Transparency in the Management and Accounting of Tax Incentives Administered by Investment Promotion Agencies", are also repealed for being inconsistent with this Act.

(f) Article 7(11) of Executive Order No. 226, series of 1987, entitled: The Omnibus Investments Code of 1987.

SEC. 18. *Amendatory Clause.* –

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

(1) Articles 7(3) and (8), 34, 35, and 36 of Executive Order No. 226, series of 1987, entitled: The Omnibus Investments Code of 1987;

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

(3) Section 7(a) and (c) of Republic Act No. 7903, entitled: "An Act Creating a Special Economic Zone and Free Port in the City of Zamboanga Creating for This Purpose the Zamboanga City Special Economic Zone Authority, Appropriating Funds Therefor, and for Other Purposes";

(4) Sections 4(f), 8 and 13(c), (d), (r), (w) and (x) 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", as amended by Republic Act No. 11453;

(5) Sections 5(l), 12(b), and 13(b)(11) 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", as amended by Republic Act No. 9400;

(6) Section 69(n) of Subchapter IV-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", as amended by Republic Act No. 11262;

(7) Section 12(a), (b) and (u) 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, entitled: "An Act Amending Republic Act No. 9490, Otherwise Known as the 'Aurora Special Economic Zone Act of 2007' ";

(8) Section 6(c) and (l) of Republic Act No. 7922, entitled: "An Act Establishing a Special Economic Zone and Free Port 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";

(9) Sections 4(a) and (q), and 6 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"; and

(10) Sections 12 (a) and (b) and 13(a), (b) and (i), and 15 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", as amended by Republic Act No. 8748.

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

(1) Articles 69, 77, and 78 of Executive Order No. 226, series of 1987, entitled: The Omnibus Investments Code of 1987, as amended;

(2) Sections 24 and 35 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", as amended by Republic Act No. 8748;

(3) Sections 12(c), 15, 15-A, 15-B, 15-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" as amended by Republic Act No. 9400, and further amended by Executive Order No. 619, series of 2007;

(4) Section 6 of Republic Act 9400, entitled: "An Act Amending Republic Act No. 7227, as Amended, Otherwise Known as the Bases Conversion and Development Act of 1992, and for Other Purposes";

(5) Section 5(c) 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, entitled: "An Act Amending Republic Act No. 9490, Otherwise Known as the 'Aurora Special Economic Zone Act of 2007' ";

(6) Section 4(f) of Republic Act No. 7903, entitled: "An Act Creating a Special Economic Zone and Free Port in the City of Zamboanga Creating for This Purpose the Zamboanga City Special Economic Zone Authority, Appropriating Funds Therefor, and for Other Purposes";

(7) Section 4(c) of Republic Act No. 7922, entitled: "An Act Establishing a Special Economic Zone and Free Port 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";

(8) Section 6 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";

(9) Sections 6(k), 14(e), 39, 76, 85(c) and 86(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";

(10) Section 8 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", as amended by Presidential Decree No. 1491; and

(11) Section 1(1.1) of Executive Order No. 97-A, series of 1993, entitled: "Further Clarifying the Tax and Duty-Free

Privilege Within the Subic Special Economic and Free Port Zone".

(c) To expand the powers and functions of the Fiscal Incentives Review Board, the provisions of the following laws that are inconsistent with this Act are hereby amended:

(1) Section 13 of Republic Act No. 7903, entitled: "An Act Creating a Special Economic Zone and Free Port in the City of Zamboanga Creating for This Purpose the Zamboanga City Special Economic Zone Authority, Appropriating Funds Therefor, and for Other Purposes";

(2) Section 10 of Republic Act No. 7922, entitled: "An Act Establishing a Special Economic Zone and Free Port 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";

(3) Section 17 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";

(4) Section 20 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"; and

(5) Section 22 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".

(d) The provisions of the following laws on the Investment Priorities Plan, including all other laws, decrees, executive orders, rules and regulations, or parts thereof

which provide for the mandatory inclusion in the Investment Priorities Plan that are inconsistent with the provisions of this Act are hereby amended:

(1) Sections 4(d) and 13(i) 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", as amended by Republic Act No. 11453;

(2) Section 12(f) of Republic Act No. 9490, as amended, 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";

(3) Section 6(f) of Republic Act No. 7922, entitled: "An Act Establishing a Special Economic Zone and Free Port 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";

(4) Section 21 of Republic Act No. 7916, as amended, 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";

(5) Section 5 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";

(6) Sections 4(b) and 13(b)(7) 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"; and

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

SEC. 19. *Separability Clause.* – If any provision or part of this Act is declared invalid or unconstitutional, such declaration shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the case, whereas the parts or provisions not affected thereby shall remain in full force and effect.

SEC. 20. *Appropriation.* – The National Tax Research Center, as the secretariat of the Fiscal Incentives Review Board, shall be provided with an initial appropriation of One hundred million pesos (P100,000,000.00) to be drawn from the available funds from the National Treasury not otherwise appropriated. Appropriations for the succeeding years shall be included in the annual General Appropriations Act.

SEC. 21. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Secretary of Finance, upon the recommendation of the Commissioner of Internal Revenue, shall promulgate the necessary rules and regulations for its effective implementation: *Provided,* That for the provisions under Title XIII, the Secretary of Finance and the Secretary of Trade and Industry shall jointly promulgate the necessary rules and regulations thereof within the same period, after due consultations with the Commissioner of Internal Revenue, the Board of Investments, and other Investment Promotion Agencies, for its effective implementation. Failure to promulgate the rules and regulations shall not prevent the implementation of this Act upon its effectivity.

SEC. 22. *Effectivity.* – This Act shall take effect fifteen (15) days after its complete publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,

VICENTE C. SOTTO III
President of the Senate

LORD ALLAN JAY Q. VELASCO
Speaker of the House of Representatives

This Act which is a consolidation of House Bill No. 4157 and Senate Bill No. 1357 was passed by the House of Representatives and the Senate of the Philippines on February 3, 2021.

MYRA MARIE D. VILLARICA
Secretary of the Senate

MARK LLANDRO L. MENDOZA
Secretary General
House of Representatives

Approved:

RODRIGO ROA DUTERTE
President of the Philippines

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