FURTHER AMENDING PRESIDENTIAL DECREE NO. 66 DATED NOVEMBER 20, 1972, CREATING TILE EXPORT PROCESSING ZONE AUTHORITY

PRESIDENTIAL DECREE NO. 1716, August 21, 1980

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WHEREAS, for the purpose of accelerating industrial dispersal, employment generation and export promotion, LOI 1033 as amended the development of twelve (12) more export processing zones in strategic locations in the Philippines;

WHEREAS, in order to make export processing zones more competitive and attractive to potential investors, and to increase the capability and effectiveness of the Export Processing Zone Authority (EPZA) in the attainment of its objectives, it has become necessary to update and amend the incentive schemes for enterprises within the zone;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree the further amendment of Presidential Decree No. 66 dated November 20, 1972, as amended, as follows:

SECTION l. Gross receipts of or from registered zone enterprises shall be exempt from the contractor's tax under Section 205 of the Tax Code of 1977, as amended.

SECTION 2. A net operating loss incurred in any of the first ten years of operation as a registered zone enterprise may be carried over as a deduction from taxable income for the six years immediately following the year of such loss. The entire amount of the loss shall be carried over to the first of six taxable years following the loss, and any portion of such loss which exceeds the taxable income of such first year shall be deducted in like manner from the taxable income of the next remaining five years. The net operating loss shall be computed in accordance with the provisions of the National Internal Revenue Code, any provision of this Decree to the contrary notwithstanding, except that income not taxable either in whole or in part under this Decree or other laws shall be included in gross income.

SECTION 3. All merchandise, raw materials, supplies, articles, equipment, machineries, spare parts and wares of every description brought into the zones by the zone enterprises in connection with registered operation shall be exempted from all dues, fees, charges and rates, including wharfage and storage dues, collectible under Title VII of the Tariff and Customs Code.

SECTION 4. Production equipment used directly or indirectly in production, assembly or manufacture of the registered export products of registered zone enterprises shall be exempt from real property tax.

SECTION 5. Utility companies, including the National Power Corporation, Philippine Long Distance Telephone Company, water supply and telex companies shall extend priority service to export processing zones, and shall extend to EPZA and/or the registered zone enterprises the most preferred terms and rates possible. EPZA shall have the option, within any zone or area administered by it, to install, manage and operate facilities, utilities and systems necessary for its operation.

SECTION 6. The administration and enforcement of the provisions of Presidential Decree No. 1096, otherwise known as the National Building Code of the Philippines in all zones and areas owned or administered by the Authority shall be vested in the Administrator or his duly authorized representative. He shall appoint such EPZA qualified personnel as may be necessary to act as Building Officials who shall be charged with the duty of issuing; Building Permits in the different zones. All fees and dues collected by the Building Officials under the National Building Code shall accrue to the Authority.

SECTION 7. Foreign nationals employed under the provisions of Presidential Decree No. 66, their respective spouses, and unmarried children under twenty-one years of age shall be issued a multiple entry special visa, valid for a period of one year, to enter and leave the Philippines without further documentary requirements other than valid passports or other travel documents in the nature of passports. The Validity of the multiple entry special visa shall be extendible yearly. Foreign nationals who have been issued multiple entry special visas under this provision, as well as their respective spouses and dependents, shall be exempt from obtaining alien certificates of registration and emigration clearance certificates and all types of clearances required by any government department or agency. For this purpose, the Commission on Immigration and Deportation and the EPZA shall jointly issue the necessary implementing rules and regulations.

SECTION 8. Any provision of law to the contrary notwithstanding, the EPZA, in consultation with the Bureau of Customs, shall adopt procedures which would facilitate the rapid movement of raw materials, components, goods, commodities and finished products to and from export processing zones, taking into account the need to attain the objectives of customs and internal revenue regulations and the need to facilitate export activities within the zone.

SECTION 9. The EPZA, in the exercise of its sole police authority over export processing zones and areas owned or administered by the Authority, shall have the power to receive and investigate complaints relative to violations of penal laws committed inside the zones and areas owned or administered by the Authority, and when the evidence warrants, to file and be deputized herein to prosecute the corresponding criminal cases before the appropriate court or body.

SECTION 10. The Authority, through its Board of Commissioners may segregate not more than twenty per cent (20%) of the land area of each zone to be sold, leased or otherwise disposed of primarily for housing and community purposes. The disposition and development of the am a segregated shall be subject to such terms end conditions as may be prescribed by the Authority.

SECTION 11. With respect to, and for expeditious implementation of EPZA infrastructure projects, the power to approve detailed engineering documents, awards and contracts executed as a result of competitive public biddings, negotiated contracts, assignment of contracts, adjustment or contract prices and change orders, extend work orders now vested in the Minister of Public Works, Transportation and Communication, the Minister of Public Highways or the Minister of Energy by Presidential Decree No. 1594 and its implementing rules and regulations, are hereby vested in the Minister of Industry.

SECTION 12. All laws, executive orders, rules and regulations or part thereof inconsistent with this Decree are hereby repealed and/or modified accordingly.

SECTION 13. This Decree shall take effect immediately.

DONE in the City of Manila, this 21st day of August, in the year of Our Lord, nineteen hundred and eighty.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

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By the President:

(Sgd.) JOAQUIN T. VENUS, JR.

Presidential Assistant

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