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FURTHER CLARIFYING THE TAX AND DUTY-FREE PRIVILEGE WITHIN THE SUBIC SPECIAL ECONOMIC AND FREE PORT ZONE

OP EXECUTIVE ORDER NO. 97-A, June 19, 1993

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WHEREAS, Republic Act 7227 (Bases Conversion and Development Act of 1992) created a special economic and free port zone with tax and other incentives as provided in said law;

WHEREAS, Republic Act No. 7227 provides that within the framework and subject to the mandate and limitations of the Constitution and the pertinent provisions of the Local Government Code, the Subic Special Economic and Free Port Zone (SSEFPZ) shall be developed into a self-sustaining industrial, commercial, financial and investment center to generate employment opportunities in and around the SSEFPZ and to attract and promote productive foreign investments; and

WHEREAS, a special tax and duty-free privilege within a Secured Area in the SSEFPZ subject, to existing laws has been determined necessary to attract local and foreign visitors to the zone.

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. The following guidelines shall govern the tax and duty-free privilege within the Secured Area of the Subic Special Economic and Free Port Zone:

1.1. The Secured Area consisting of the presently fenced-in former Subic Naval Base shall be the only completely tax and duty-free area in the SSEFPZ. Business enterprises and individuals (Filipinos and foreigners) residing within the Secured Area are free to import raw materials, capital goods, equipment, and consumer items tax and duty-free. Consumption items, however, must be consumed within the Secured Area. Removal of raw materials, capital goods, equipment and consumer items out of the Secured Area for sale to non-SSEFPz registered enterprises shall be subject to the usual taxes and duties, except as may be provided herein.

1.2. Residents of the SSEFPZ living outside the Secured Area can enter the Secured Area and consume any quantity of consumption items in hotels and restaurants within the Secured Area. However, these residents can purchase and bring out of the Secured Area to other parts of the Philippine territory consumer items worth not exceeding US $100 per month per person. Only residents age 15 and over are entitled to this privilege.

1.3. Filipinos not residing within the SSEFPZ can enter the Secured Area and consume any quantity of consumption items in hotels and restaurants within the Secured Area. However, they can purchase and bring out the Secured Area to other parts of the Philippine territory consumer items worth not exceeding US $200 per year per person. Only Filipinos age 15 and over are entitled to this privilege.

1.4. Foreign tourists, balikbayans and returning residents (from abroad) passing through the Secured Area shall be entitled to the same prevailing tax and duty-free privileges they presently enjoy.

1.5. There shall be no pooling, tacking, or advance use of the US $100 or US $200 entitlement which is a privilege similar to the entitlement enjoyed by returning residents who shop at existing government-owned tourist

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duty-free shops.

1.6. The sale of tax and duty-free consumer items in the Secured Area shall only be allowed in duly authorized duty-free shops. Duty-free shops shall be subject to the joint regulation of the Bureau of Customs and the Subic Bay Metropolitan Authority (SBMA) to insure proper accounting of imports and sale.

1.7. A control system shall be set up by duty-free shop operators at their own expense. This system shall be approved by the SBMA and Customs authorities before any duty-free outlet is permitted to operate.

In the meantime that control measures have not been defined and set in place, the SBMA is directed to other duty free shops located in the SSEFPZ to desist from further selling duty and tax free goods to persons other than tourists, balikbayans and returning residents.

1.8. The SBMA shall install a computerized identification system to insure compliance with the guidelines governing the SSEFPZ, particularly the Secured Area.

Customs authorities together with SBMA personnel, shall man the entry exit/gates of the Secured Area.

SECTION 2. The Bureau of Customs and the SBMA shall jointly promulgate the rules and regulations to implement this Executive Order.

SECTION 3. This Executive Order shall take effect immediately.

Adopted: 19 June 1993

(Sgd.) FIDEL V. RAMOS
President
By the President:

(Sgd.) ANTONIO T. CARPIO
Chief, Presidential Legal Counsel

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