

## **AN ACT AMENDING SECTIONS 1, 3, 4, 7, AND 12 OF REPUBLIC ACT NO. 7296, ENTITLED "AN ACT GRANTING THE DAVAO AGRITECH, INC., A FRANCHISE TO ESTABLISH, OPERATE AND MAINTAIN DOMESTIC...**

*REPUBLIC ACT NO. 8700, July 09, 1998*

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

SECTION 1. Section 1 of Republic Act No. 7296 is hereby amended to read as follows:

SECTION 1. Nature and Scope of Franchise.½ Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to the Davao Agritech, Inc., hereunder referred to as the grantee, its successors or assigns, a franchise to establish, operate and maintain domestic air spraying and passenger and cargo air charter transport services with Davao as its major hub.

"Air spraying and passenger and cargo air charter transport services shall include the maintenance and operation of hangars and aircraft service stations and facilities and other services of similar nature which may be necessary, convenient or useful as an auxiliary to air spraying services.

"The grantee shall be given the right at its terminals and landing fields, as well as in its aircraft, to construct, operate and maintain stations or transmitting sets for wireless telegraphy and direction findings, and other radio aids to air navigation, using wavelengths in accordance with the rules and regulations issued from time to time by the proper agencies of the government. The wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and other matters in connection with the grantee's services."

SEC. 2. Section 3 of Republic Act No. 7296 is hereby amended to read as follows:

"SEC. 3. Responsibility to the Public.½ Excepting cases of force majeure and whenever weather conditions permit, the grantee shall maintain air spraying and passenger and cargo air charter transport services within Davao and any and all points and places throughout the Philippines as traffic needs may require."

SEC. 3. Section 4 of Republic Act No. 7296 is hereby amended to read as follows:

"SEC. 4. Rates for Services.½ The grantee shall fix just and reasonable rates for its air spraying and passenger and cargo air charter transport operation, subject to the regulations and approval of the Civil Aeronautics Board other proper regulatory agencies of the government."

SEC. 4. Section 7 of Republic Act No. 7296 is hereby amended to read as follows:

"SEC. 7. Contracts.½ The grantee is authorized to enter into air spraying and air spraying maintenance and/or servicing contracts, and such other contracts relating to air spraying activities. The grantee is likewise authorized to enter into transportation contracts, including the carrying of mails and such other contracts relating to air transport activities. The grantee shall give preferential consideration to contracts with the Philippine Government."

SEC. 5. Section 12 of Republic Act No. 7296 is hereby amended to read as follows:

"SEC. 12. Tax Provisions.½The grantee, its successors or assigns, shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns, shall pay the value-added tax under Republic Act No. 7716, as amended, or a franchise tax of five percent (5%) per annum or at such percentage as may be prescribed by law, on all gross receipts of the air spraying and air transport business transacted under this franchise, whichever is higher: Provided, That the grantee, its successors or assigns, shall continue to be liable for income taxes payable under Title II of the National Internal Revenue Code pursuant to Section 2 of Executive Order No 72, unless the latter enactment is amended, or repealed, in which case the amendment or repeal shall be applicable thereto.

"The grantee shall file the return with, and pay the taxes due thereon to the Commissioner of Internal Revenue or his duly authorized representatives in accordance with the National Internal Revenue Code and the return shall be subject to audit by the Bureau of Internal Revenue."

SEC. 6. Effectivity Clause.½This Act shall take effect fifteen (15) days from the date of its publication in at least two (2) newspapers of general circulation.

Approved,

(Sgd.) NEPTALI A. GONZALES

(Sgd.) JOSE DE VENECIA JR.

President of the Senate

Speaker of the House of Representatives

This Act which originated in the House of Representatives was finally passed by the House of Representatives and the Senate on December 11, 1997 and February 6, 1998, respectively.

(Sgd.) HEZEL P. GACUTAN

(Sgd.) ROBERTO P. NAZARENO

Secretary of the Senate

Secretary General House of Representatives

Approved:

FIDEL V. RAMOS

President of the Philippines

Lapsed into law on July 09, 1998 without the signature of the President, in accordance with Article VI, Section 27 (1) off the Constitution.

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