

REPUBLIC ACT NO. 8700

AN ACT AMENDING SECTIONS 1, 3, 4, 7, AND 12 OF
REPUBLIC ACT NO. 7296, ENTITLED "AN ACT
GRANTING DAVAO AGRITECH, INC., A FRANCHISE TO
ESTABLISH, OPERATE AND MAINTAIN DOMESTIC AIR
SPRAYING SERVICES WITH DAVAO AS ITS MAJOR HUB"

*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.* – 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 maybe necessary, convenient or useful as
and 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.* – 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.* – 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 and 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.* – 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 Provision.* – The 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 of his duly authorized representative 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.* – This Act shall take effect fifteen (15) days from the date of its publication in at least two (2) newspapers of general circulation.

Lapsed into law on July 9, 1998 without the President's signature, pursuant to Sec. 27(1), Article VI of the Constitution.