

REPUBLIC OF THE PHILIPPINES }  
CONGRESS OF THE PHILIPPINES }  
    *First Regular Session*

S. No. 1136  
H. No. 5992

REPUBLIC ACT NO. 8748

AN ACT AMENDING REPUBLIC ACT NO. 7916, OTHERWISE  
KNOWN AS THE "SPECIAL ECONOMIC ZONE ACT OF  
1995"

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

SECTION 1. Chapter II, Section 11 of Republic Act No.  
7916 is hereby amended to read as follows:

"SEC. 11. *The Philippine Economic Zone Authority  
(PEZA) Board.* – There is hereby created a body corporate to be  
known as the Philippine Economic Zone Authority (PEZA)  
attached to the Department of Trade and Industry. The Board  
shall have a director general with the rank of department  
undersecretary who shall be appointed by the President. The  
director general shall be at least forty (40) years of age, of proven  
probity and integrity, and a degree holder in any of the following  
fields: economics, business, public administration, law,  
management or their equivalent, and with at least ten (10) years  
relevant working experience preferably in the field of management  
or public administration.

"The director general shall be assisted by three (3) deputy  
directors general each for policy and planning, administration  
and operations, who shall be appointed by the PEZA Board, upon  
the recommendation of the director general. The deputy directors  
general shall be at least thirty-five (35) years old, with proven  
probity and integrity and a degree holder in any of the following  
fields: economics, business, public administration, law,  
management or their equivalent.

"The Board shall be composed of thirteen (13) members as  
follows: the Secretary of the Department of Trade and Industry

as Chairman, the Director General of the Philippine Economic Zone Authority as Vice chairman, the undersecretaries of the Department of Finance, the Department of Labor and Employment, the Department of the Interior and Local Government, the Department of Environment and Natural Resources, the Department of Agriculture, the Department of Public Works and Highways, the Department of Science and Technology, the Department of Energy, the Deputy Director General of the National Economic and Development Authority, one (1) representative from the labor sector, and one (1) representative from the investors/business sector in the ECOZONE. In case of the unavailability of the Secretary of the Department of Trade and Industry to attend a particular board meeting, the Director General of PEZA shall act as Chairman."

x x x

SEC. 2. Chapter II, Section 15 of Republic Act No. 7916 is likewise amended to read as follows:

"SEC. 15. *Administration of Each ECOZONE.* – Except for privately-owned, managed or operated ECOZONES, each ECOZONE shall be organized, administered, managed and operated by the ECOZONE executive committee composed of the following:

x x x

"Privately-owned ECOZONES shall retain autonomy and independence but shall be monitored by the PEZA for the implementation of incentives and operations for adherence to the law."

SEC. 3. Chapter II, Section 16 of Republic Act No. 7916 is likewise amended to read as follows:

"SEC. 16. *Personnel.* – The PEZA Board of Directors shall provide for an organization and staff of officers and employees of the PEZA, and upon recommendation of the director general with the approval of the Secretary of the Department of Trade and Industry, appoint and fix the remunerations and other emoluments: *Provided,* That the Board shall have exclusive and

final authority to promote, transfer, assign or reassign officers of the PEZA, any provision of existing law to the contrary notwithstanding: *Provided, further*, That the director general may carry out removal of such officers and employees.

"All positions in the PEZA shall be governed by a compensation, position classification system and qualification standards approved by the director general with the concurrence of the Board of Directors based on a comprehensive job analysis and audit of actual duties and responsibilities. The compensation plan shall be comparable with the prevailing compensation plans in the Subic Bay Metropolitan Authority (SBMA), Clark Development Corporation (CDC), Bases Conversion and Development Authority (BCDA) and the private sector and shall be subject to periodic review by the Board no more than once every two (2) years without prejudice to yearly merit reviews or increases based on productivity and profitability. The PEZA shall therefore be exempt from existing laws, rules and regulations on compensation, position classification and qualification standards. It shall however endeavor to make its system conform as closely as possible with the principles under Republic Act No. 6758.

"The PEZA officers and employees including all Members of the Board shall not engage directly or indirectly in partisan activities or take part in any election, except to vote.

"No officer or employee of the PEZA subject to Civil Service laws and regulations shall be removed or suspended except for cause, as provided by law."

SEC. 4. Chapter III, Section 24 of Republic Act No. 7916 is hereby amended to read as follows:

"SEC. 24. *Exemption from National and Local Taxes.* – Except for real property taxes on land owned by developers, no taxes, local and national, shall be imposed on business establishments operating within the ECOZONE. In lieu thereof, five percent (5%) of the gross income earned by all business enterprises within the ECOZONE shall be paid and remitted as follows:

"(a) Three percent (3%) to the National Government;

"(b) Two percent (2%) which shall be directly remitted by the business establishments to the treasurer's office of the municipality or city where the enterprise is located."

SEC. 5. Chapter III, Section 25 of Republic Act No. 7916 is hereby amended to read as follows:

"SEC. 25. *Applicable National and Local Taxes.* – All persons and service establishments in the ECOZONE shall be subject to national and local taxes under the National Internal Revenue Code and the Local Government Code."

SEC. 6. Chapter III, Section 29 of Republic Act No. 7916 is hereby amended to read as follows:

"SEC. 29. *Eminent Domain.* – x x x

"If in the establishment of a publicly-owned ECOZONE, any person or group of persons who has been occupying a parcel of land within the Zone has to be evicted, the PEZA shall provide the person or group of persons concerned with proper disturbance compensation: *Provided, however,* That in the case of displaced agrarian reform beneficiaries, they shall be entitled to the benefits under the Comprehensive Agrarian Reform Law, including but not limited to Section 36 of Republic Act No. 3844, in addition to a homelot in the relocation site, and preferential employment in the project being undertaken."

SEC. 7. Chapter VI, Section 50 of Republic Act No. 7916 is hereby amended to read as follows:

"SEC. 50. *Non-Applicability on Areas Covered by Republic Act No. 7227.* – This Act shall not be applicable to economic zones and areas already created or to be created under Republic Act No. 7227 or other special laws, and governed by authorities constituted pursuant thereto."

SEC. 8. *Effectivity Clause.* – This Act shall take effect after fifteen (15) days following its publication in the *Official Gazette* or in two (2) newspapers of general circulation whichever comes earlier.

Approved, June 1, 1999.