

# [ PRESIDENTIAL DECREE NO. 1716, August 21, 1980 ]

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

**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 1.** 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.