

MALACAÑANG

Manila

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 675

AMENDING EXECUTIVE ORDER NO. 97-A DATED JUNE 19, 1993 BY EXTENDING THE SECURED AREA ENJOYING THE TAX AND DUTY FREE PRIVILEGES TO THE SUBIC SPECIAL ECONOMIC AND FREE PORT ZONE AS DEFINED BY PROCLAMATION NO. 532 DATED FEBRUARY 1, 1995

WHEREAS, Republic Act (RA) No. 7227, otherwise known as the Bases Conversion and Development Act of 1992, accelerated the conversion of military reservations into other productive uses and, created, the Bases and Conversion and Development Authority (BCDA), among others;

WHEREAS, Section 12 of RA 7227 created the Special Economic and Free-port Zone consisting of the City of Olongapo and the Municipality of Subic, Province of Zambales, the lands occupied by the Subic Naval Base and its contiguous extensions as embraced, covered, and defined by the 1947 Military Bases Agreement between the Philippines and the United States of America as amended, and within the Municipalities of Morong and Hermosa, Province of Bataan, referred to as the Subic Special Economic Zone (SSEZ), subject to the concurrence by resolution of the Sangguniang Panglungsod of the City of Olongapo and the Sangguniang Bayan of the Municipalities of Subic, Morong and Hermosa;

WHEREAS, Section 12 of RA 7227 further provides that each local government unit shall submit, within thirty (30) days after the approval thereof, their resolution of concurrence to join the SSEZ to the Office of the President, who shall issue a Proclamation defining its metes and bounds;

WHEREAS, Subsection (b), Section 12 of RA 7227 provides as a policy that the SSEZ shall be operated and managed as a separate customs territory ensuring free flow or movement of goods and capital within, into and exported out of the SSEZ, as well as provide incentives such as tax and duty-free importations of raw materials, capital and equipment, subject to the condition that exportation or removal of goods from the territory of the SSEZ to the other parts of the Philippine territory shall be subject to customs duties and taxes under the Customs and Tariff Code and other relevant tax laws of the Philippines;

WHEREAS, Executive Order (EO) No. 97-A dated June 19, 1993 limited the coverage of the completely tax and duty-free area in the Subic Special



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Economic and Free Port Zone (SSEFPZ) within the "Secured Area" only, consisting of the presently fenced-in former Subic Naval Base;

WHEREAS, Proclamation No. 532 dated February 1, 1995 defined the metes and bounds of the SSEFPZ, the total land and water area of which consists of 67,452 hectares, more or less;

WHEREAS, the "Secured Area" of the SSEFPZ has grown as it was so envisioned, becoming the hub and principal place of business of various local and foreign investors;

WHEREAS, there has been a shortage of areas for lease to investors who intend to avail of the tax and duty-free incentives under the act as the grant of these tax and duty-free incentives has been confined only within the "Secured Area" by EO 97-A, Series of 1993;

WHEREAS, extending the area of coverage of the tax and duty-free privileges beyond the "Secured Area" but within the SSEFPZ will entice more local and foreign investors to set up businesses within the SSEFPZ.

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

Section 1. Section 1 of Executive Order No. 97-A dated 19 June 1993 is hereby amended to read as follows:

***Section 1.** The following guidelines shall govern the tax and duty-free privilege within the Subic Special Economic and Freeport Zone (SSEFPZ):*

1.1 The tax and duty-free privilege within the SSEFPZ shall apply within the current Secured Area consisting of the presently fenced-in former Subic Naval Base and such other areas, that may be identified, fenced, secured or declared as additional Secured Areas by the Subic Bay Metropolitan Authority (SBMA) within the SSEFPZ as defined under Proclamation No. 532 dated February 1, 1995. The SBMA and the Bureau of Customs (BOC) shall jointly formulate and implement measures to prevent the smuggling of goods from the Secured Area/s into the Customs Territory.

Business enterprises and individuals (Filipinos and foreigners) residing within the secured Area/s and in the other areas under Clause 1.1 hereof, 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/s and, in the areas defined in Clause 1.1 hereof. Removal of raw materials, capital goods, equipment and consumer items out of the secured Area/s for sale to non-SSEFPZ registered enterprises shall be subject to the usual taxes and duties, except as provided under Clause 1.4 hereof.

- 1.2 Residents of the SSEFPZ living outside the Secured Area/s can enter the Secured Area/s and consume any quantity of consumption items in hotels and restaurants within the Secured Area/s.*
- 1.3 Filipinos not residing within the SSEFPZ can enter the secured Area/s and consume any quantity of consumption items in hotels and restaurants within the Secured Area/s.*
- 1.4 Foreign tourists, balikbayans and returning residents (from abroad) passing through the Secured Area/s shall be entitled to the same prevailing tax and duty-free privileges they presently enjoy.*
- 1.5 The sale of tax and duty-free consumer items in the Secured Area/s shall only be allowed in duly authorized duty-free shops. Duty-free shops shall be the subject to the joint regulation of the BOC and the SBMA to insure proper accounting of imports and sales.*
- 1.6 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.*
- 1.7 The SBMA shall install a computerized identification system to insure compliance with the guidelines governing the SSEFPZ, particularly the secured area/s and the areas under Clause 1.1 hereof. Customs authorities together with SBMA personnel, shall man the entry/exit gates of the Secured Area/s and such other areas under Clause 1.1 hereof."*

Section 2. The BOC and the SBMA shall jointly promulgate the rules and regulations to implement this Executive Order.

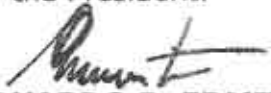
Section 3. All executive orders, rules and regulations and other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby revoked, amended, or modified accordingly.



Section 4. This Executive Order shall take effect fifteen (15) days after its publication in a national newspaper of general circulation.

DONE in the City of Manila, this 5th day of **November** in the year of Our Lord, Two Thousand and Seven.

By the President:


EDUARDO R. ERMITA
Executive Secretary

