

REPUBLIC ACT NO. 8165

AN ACT GRANTING THE AZ COMMUNICATIONS NETWORK, INC., A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN PUBLIC RADIOTELEPHONE AND RADIOTELEGRAPH COASTAL STATIONS AND PUBLIC FIXED AND PUBLIC BASED AND LAND-MOBILE STATIONS FOR THE RECEPTION AND TRANSMISSION OF RADIOTELEPHONE AND RADIOTELEGRAPH COMMUNICATIONS WITHIN THE PHILIPPINES

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

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 AZ Communications Network, Inc., hereunder referred to as the grantee, its successors or assigns, a franchise to construct, establish, install, operate and maintain, for commercial purposes and in the public interest, radiotelegraph and/or radiotelephone communication stations, with corresponding relay stations in the interisland, maritime, aeronautical and international public services, both national and/or international, to provide radio communication services and equipment to private firms, companies and corporations within their respective internal frame, and/or to communicate from within the grantee's station or stations.

SEC. 2. *Manner of Operation of Stations or Facilities.* – The stations or facilities of the grantee shall be constructed and operated in a manner as will at most result only in the minimum interference on the wavelengths or frequencies of the existing stations or other stations which may be established in accordance with law, without in any way diminishing its own right to use its selected wavelengths or frequencies and the quality of transmission or reception thereon as should maximize rendition of the grantee's services and/or the availability thereof.

SEC. 3. *Prior Approval of the National Telecommunications Commission.* – The grantee shall secure from the National Telecommunications Commission the appropriate permits and licenses for its stations and shall not use any frequency in the radio spectrum without having been authorized by the Commission. The Commission, however, shall not unreasonably withhold or delay the grant of any such authority.

SEC. 4. *Responsibility to the Public.* – The grantee shall conform to the ethics of honest enterprise and shall not use its stations for obscene or indecent transmission or for dissemination of deliberately false information or willful misrepresentation, or assist in subversive or treasonable acts.

SEC. 5. *Rates for Services.* – The charges and rates for services, excluding the sale or lease of equipment or units, that the grantee shall offer to the public shall be subject to the approval of the National Telecommunications Commission or its legal successor.

SEC. 6. *Right of Government.* – The President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, may temporarily take over and operate the stations, transmitter systems, facilities, and equipment of the grantee, temporarily suspend the operation of any station in the interest of public safety, security and public welfare, or authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the grantee, for the use of said stations, transmitter systems, facilities, and equipment during the period when they shall be so operated.

SEC. 7. *Term of Franchise.* – This franchise shall be for a term of twenty-five (25) years from the date of effectivity of this Act, unless sooner revoked or cancelled. In the event the grantee fails to operate continuously for two (2) years, this franchise shall be deemed *ipso facto* revoked.

SEC. 8. *Tax Provisions.* – 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 a franchise tax equivalent to three percent (3%) of all gross receipts of the business transacted under this franchise by the grantee, its successors or assigns: *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 tax 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. 9. *Sale, Lease, Transfer, Usufruct, etc.* – The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any corporation or entity without the prior approval of the Congress of the Philippines. Neither shall the controlling interest in the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines. Any person or entity to which this franchise is sold, transferred or assigned, shall be subject to all the same conditions, terms, restrictions and limitations of this Act.

SEC. 10. *Warranty in Favor of National and Local Governments.* – The grantee shall hold the national, provincial, and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the construction or operation of the stations, facilities, and equipment of the grantee.

SEC. 11. *Separability Clause.* – If any of the sections or provisions of this Act is held invalid, all the other provisions not affected thereby shall remain valid.

SEC. 12. *Repealability and Nonexclusivity Clause.* – This franchise shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SEC. 13. *Reportorial Requirement.* – The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of its franchise and on its operations within sixty (60) days from the end of every year.

SEC. 14. *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 September 23, 1995 without the President's signature, pursuant to Sec. 27(1), Article VI of the Constitution.