Republic of the Philippines
Congress of the Philippines
Metro Manila

Twelfth Congress

Third Regular Session

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Begun and held in Metro Manila, on Monday, the twenty-eighth day of July, two thousand three.

[REPUBLIC ACT NO. 9301]

AN ACT AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 7471, ENTITLED "AN ACT TO PROMOTE THE DEVELOPMENT OF PHILIPPINE OVERSEAS SHIPPING" AND FOR OTHER PURPOSES

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

SECTION 1. Section 3(a) of Republic Act No. 7471 is hereby amended as follows:

"SEC. 3. *Definitions.* – As used in this Act:

"(a) 'Philippine overseas shipping' means the operation of a Philippine shipping enterprise in the overseas trade of any type of Philippine registered ship for any kind of shipping operation, which shall include, but shall not be limited to the transport of goods and/or passengers, and the purchase of ships for operation and the sale of ships after operation, except when the ship is operated solely between ports in the Philippines."

SEC. 2. Section 7 of the same Act is reinstated with amendments, to read as follows:

"SEC. 7. *Exemption from Income Tax.* – A Philippine shipping enterprise shall be exempt from payment of income tax on income derived from Philippine overseas shipping for a period of ten (10) years from the date of approval of this Act: *Provided,* That:

"(a) The entire net income, after deducting not more than fifteen percent (15%) thereof for distribution of profits or declaration of dividends, which would otherwise be taxable under the provisions of Title II of the National Internal Revenue Code, is reinvested for the construction, purchase, or acquisition of vessels and related equipment and/or in the improvement or modernization of its vessels and related equipment in accordance with the regulations; and

"(b) The cumulative amount so reinvested shall not be withdrawn for a period of seven (7) years after the expiration of the period of income tax exemption or until the vessel or related equipment so acquired have been fully paid, whichever date comes earlier.

"Any amount not so invested or withdrawn prior to the expiration of the period stipulated herein shall be subject to the corresponding income tax, including penalites, surcharges and interests."

SEC. 3. Section 12 of the same Act is hereby likewise amended to read as follows:

"SEC. 12. *Penal Provisions.* – Violation of the provisions of this Act or the rules and regulations promulgated to implement the same shall be punished by a fine of not more than One hundred thousand pesos (P100,000.00) or imprisonment for not more than five (5) years or both such fine and imprisonment at the discretion of the court.
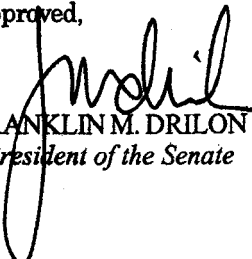
"If the violation is committed by an association or corporation, the penalties prescribed hereunder shall be imposed on the president, the chief executive officer and the other officials and employees responsible for the violation.
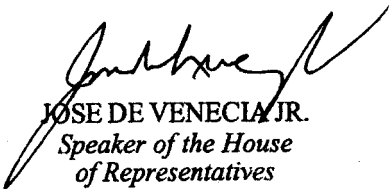
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"If the violation is committed by a government official or employee, he/she shall, in addition to the penalties prescribed hereunder, be dismissed from the government service with all the administrative penalties accessory thereto."

SEC. 4. *Repealing Clause.* – All laws, decrees, executive orders or rules and regulations inconsistent with this Act are hereby repealed, amended or modified accordingly.

SEC. 5. *Effectivity.* – This Act shall take effect after fifteen (15) days following its publication in at least two (2) newspapers of general circulation.
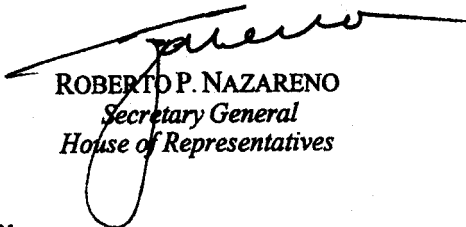
Approved,

FRANKLIN M. DRILON
President of the Senate

JOSE DE VENECIA JR.
*Speaker of the House
of Representatives*

This Act which is a consolidation of House Bill No. 5770 and Senate Bill No. 2732 was finally passed by the House of Representatives and the Senate on June 10, 2004 and February 6, 2004, respectively.

OSCAR G. YABES
Secretary of the Senate

ROBERTO P. NAZARENO
*Secretary General
House of Representatives*

Approved: JUL 2 7 2004

GLORIA MACAPAGAL-ARROYO
President of the Philippines

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