

[REPUBLIC ACT NO. 7398, April 13, 1992]

AN ACT GRANTING THE CORONA INTERNATIONAL INC., A FRANCHISE TO ESTABLISH, INSTALL, MAINTAIN, LEASE AND OPERATE WIRE AND/OR WIRELESS TELECOMMUNICATIONS SYSTEMS, LINES, CIRCUITS AND STATIONS THROUGHOUT THE PHILIPPINES FOR DOMESTIC AND INTERNATIONAL COMMUNICATIONS, AND FOR OTHER PURPOSES

Be it enacted by the Senate and the 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 Corona International, Inc., hereunder referred to as the grantee, its successors or assigns a franchise to establish, install, maintain, lease and operate for commercial purposes and in the public interest wire and/or wireless telecommunications systems, lines circuits and stations throughout the Philippines with the corresponding transmitting and receiving stations at such places in the Philippines as it may consider necessary and convenient.

SEC. 2. *Manner of Operation of Stations or Facilities.* - The stations of the grantee shall be constructed and operated in a manner as will at most result only in the minimum interference on the wavelenths or frequencies of the existing stations or other stations which may be established in accordance with law of other telecommunication services grantees without in any way diminishing its own right to use its selected wavelengths or frequencies and the quality of transmission or reception thereon as would 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.

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 transmissions or for the dissemination of deliberately false information or willful misrepresentation, or assist in subversive or treasonable acts.

SEC. 5. *Rates for Services.* - The subscription 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 Commisič½sion or its legal successor.

SEC. 6. *Right of Government.* - A special right is hereby reserved to the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, to take over and operate the stations, transmitter systems, facilities and equipment of the grantee, to temporarily suspend the operation of any station in the interest of public safety, security and public welfare, or to 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. *Public Ownership.* In compliance with the constitutional mandate to democratize ownership of public utilities, the herein grantee shall make public offering through the stock exchanges of at least thirty percent (30%) of its common stocks within a period of three (3) years from the date of effectivity of this Act: *Provided*, That no single person or entity shall be allowed to own more than five percent (5%) of the stock offerings.

SEC. 9. *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 person 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 radio business transacted under this franchise by the grantee, its successors or assigns and the said percentage shall be in lieu of all taxes on this franchise or earnings thereof: *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 representative in accordance with the National Internal Revenue Code. The return shall be subject to audit by the Bureau of Internal Revenue.

SEC. 10. *Warranty in Favor of National and Local Governments.* - The grantee shall hold the national, provincial and municipal government 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, systems, facilities and equipment of the grantee.

SEC. 11. *Sale, Lease, Transfer, Usufruct, etc.* - The grantee shall not lease, transfer, grant the usufruct of, sell or assign the franchise herein granted nor the rights and privileges acquired thereunder to any person, firm, company, corporation or 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,