

[BATAS PAMBANSA BLG. 44, November 26, 1979]

AN ACT TO PROMOTE INVESTMENTS IN LESS DEVELOPED AREAS.

Be it enacted by the Batasang Pambansa in session assembled:

SECTION 1. *Title*.—This Act shall be known as the Investments Promotion Act for Less Developed Areas.

SEC. 2. *Declaration of Policy*.—In line with the policy of equitable distribution of wealth and balanced national economic growth and development, it is hereby declared as the policy of the State to encourage investments and to assist the establishment and development of industrial and agricultural projects to generate employment and raise the standard of living in less developed areas.

SEC. 3. *Definition of Terms*.—For the purposes of this Act:

- a. "Board" shall refer to the Board of Investments created under Republic Act 5186, as amended.
- b. "Less Developed Area" shall refer to specific localities within the country appearing in the "Less Developed Areas List" prepared jointly by the Ministry of Industry, the Ministry of Human Settlements, and the National Economic and Development Authority.
- c. "Less Developed Area Registered Enterprise" shall mean enterprises located in an identified less developed area and registered with the Board under either Republic Act 5186 or 6135 or Presidential Decree 1159 or this Act for incentive availment in industrial and agricultural activities listed in the priorities plans of the Board.

SEC. 4. *Additional Investors' Incentives in a Less Developed Area Registered Enterprise*.—An investor in a less developed area registered enterprise, in addition to the investors' incentives provided under Republic Act 5186 or 6135 or Presidential Decree 1159, shall, subject to the nationality requirements provided under the said laws, be entitled to an investment allowance to the extent of his actual investment, paid in cash or property, as a deduction from his taxable income but not to exceed thirty per cent (30%) thereof, inclusive of the normal tax allowance under its law of registration: *Provided*, (1) That this incentive shall not apply to investments in mining ventures; (2) That the investment is made in subscription of shares in the original and/or increased capital stock of an enterprise within seven years from the date of registration as a less developed area registered enterprise; (3) That the shares are held for a period of not less than three years; and (4) That the investment is registered with the Board and deemed necessary by the Board for setting up the business or expanding or strengthening an existing business already located or proposed to be transferred to a less developed area. If the shares are disposed of within the said three-year period, the taxpayer shall lose the benefit of this deduction, his income tax liability shall be recomputed, and he shall pay the same and whatever additional sum be due, plus interest thereon, within thirty days from the date of disposition. A surcharge shall be imposed thereon in the event of failure to pay the obligation within the said period.