

Republic of the Philippines
Congress of the Philippines
Metro Manila

Twelfth Congress

Third Regular Session

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

[REPUBLIC ACT NO. 9295]

AN ACT PROMOTING THE DEVELOPMENT OF PHILIPPINE DOMESTIC SHIPPING, SHIPBUILDING, SHIP REPAIR AND SHIP BREAKING, ORDAINING REFORMS IN GOVERNMENT POLICIES TOWARDS SHIPPING IN THE PHILIPPINES, AND FOR OTHER PURPOSES

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

CHAPTER 1

GENERAL PROVISIONS

SECTION 1. *Short Title.* – This act shall be known as "the Domestic Shipping Development Act of 2004."

SEC 2. *Declaration of Policy.* – The State recognizes that shipping is a necessary infrastructure, which is vital to the economic development of our country.

The Philippines needs a strong and competitive domestic merchant fleet owned and controlled by Filipinos or by corporations at least sixty percent (60%) of the capital of which is owned by Filipinos and manned by qualified Filipino officers and crew, which shall: (a) bridge our islands by ensuring safe, reliable, efficient, adequate and economic passenger and cargo service; (b) encourage the dispersal of industry and the economic development of our regional communities by ensuring the availability of regular, reliable and efficient shipping services; (c) ensure the growth of exports by providing necessary, competitive and economical domestic sea linkages, (d) serve as a naval and military auxiliary in times of war and other national emergencies; and (e) function as an employment support base for our Filipino seafarers.

To attain these objectives, it is hereby declared to be the policy of the State to: (a) promote Filipino ownership of vessels operated under the Philippine flag; (b) attract private capital to invest in the shipping industry by creating a healthy and competitive investment and operating environment; (c) provide necessary assistance and incentives for the continued growth of the Philippine domestic merchant marine fleet; (d) encourage the improvement and upgrading of the existing domestic merchant marine fleet and Filipino crew to meet international standards; (e) ensure the continued viability of domestic shipping operations; and (f) encourage the development of a viable shipbuilding and ship repair industry to support the expansion and modernization of the Philippine domestic merchant marine fleet and its strict adherence to safety standards which will ensure the seaworthiness of all sea-borne structures.

SEC. 3. Definition of Terms. – As used in and for purposes of this Act, the following terms, whether in singular or plural, are hereby defined as follows:

(a) "Domestic Shipping" shall mean the transport of passengers or cargo, or both, by ships duly registered and licensed under Philippine law to engage in trade and commerce between Philippine ports and within Philippine territorial or internal waters, for hire or compensation, with general or limited clientele, whether permanent, occasional or incidental, with or without fixed routes, and done for contractual or commercial purposes;

(b) "Domestic Trade" shall mean the sale, barter or exchange of goods, materials or products within the Philippines;

(c) "Domestic Ship Operator" or "Domestic Ship Owner" may be used interchangeably and shall mean a citizen of the Philippines, or a commercial partnership wholly owned by Filipinos, or a corporation at least sixty percent (60%) of the capital of which is owned by Filipinos, which is duly authorized by the Maritime Industry Authority (MARINA) to engage in the business or domestic shipping;

(d) "Shipper" shall mean any person, partnership or corporation who shall procure for itself the services of a domestic ship operator for the carriage of its cargo in the domestic trade upon payment of proper compensation;

(e) "MARINA" shall mean the Maritime Industry Authority;

(f) "Ship" or "Vessel" may be used interchangeably and shall mean any kind, class or type of craft or artificial contrivance capable of floating in water, designed to be used, or capable of being used, as a means of floating in water transport in the domestic trade for the carriage of passengers or cargo, or both, utilizing its own motive power or that of another.

(g) "Importation" shall mean the direct purchase, lease or charter of newly constructed or previously owned ships, or the purchase of ship's spare parts from foreign sources or from registered enterprises operating in special economic zones as this term is defined in Republic Act No. 7916 entitled, "The Special Economic Zone Act. of 1995;"

(h) "Spare Parts" shall mean the replacement parts or components of a vessel, including but not limited to its hull, engines, machineries, equipments, appurtenances, necessities, accessories, articles, supplies, materials, steel plates, aluminum plates, other metal plates, communications equipment, and other parts or components thereof, installed aboard the ship necessary for its safe and efficient navigation and operation;

(i) "Certificate of Public Convenience" shall mean the license or authority issued by MARINA to a domestic ship operator to engage in domestic shipping;

(j) "Cargo Handling Equipment" shall mean any machinery gear or equipment used by the ship operator or a duly authorized and licensed port operator to service or handle cargo, on board the vessel, at the pier, or in the terminal or container yard such as, but not limited to, cranes, forklifts, top lifts, stacker, tractor heads, containers, pallet boards, and the like, including all spare parts, replacement parts, appurtenances, accessories, articles, supplies, and material thereof;

(k) "Shipbuilding" Shall mean the design, construction, launching and outfitting of all types of ships and watercraft;

(l) "Ship repair" Shall mean the overhaul, refurbishment, renovation, improvement, or alternation of the hull, machineries, equipment, outfits and components of all types of ships;

(m) "Shipyard" shall mean the shipbuilding or repair facilities which have the capability to lift vessels above the waterline in order to effect ship work on vessels, appendages, structure, machinery and equipment; and

(n) "Shipbuilder" or "Ship repairer" shall mean the citizen of the Philippines, or a commercial partnership owned by majority of Filipinos, or a corporation incorporated under the laws of the

Philippines, the capital of which is owned or controlled in any proportion by Filipinos or by foreign nationals, or by both such Filipinos or foreign nationals or by corporations whether Filipino or foreign-owned, which is duly authorized by the MARINA to engage in the business of shipbuilding or ship repair or to otherwise operate a shipyard, graving dock or marine repair yard.

CHAPTER II

INVESTMENT INCENTIVES

SEC. 4. *Investment Incentives.* – To ensure the continued viability of domestic shipping industry, and to encourage investments in the domestic shipping industry, the following incentives shall be granted to qualified domestic ship operators:

(a) Exemption from value-added tax on the importation and local purchase of passenger and/or cargo vessels of one hundred fifty (150) tons and above, including engine and spare parts of said vessels: *Provided*, That the vessels to be imported shall comply with the age limit requirement, at the time of acquisition counted from the date of the vessel's original commissioning, as follows: 1) For passenger and/or cargo vessels, the age limit is fifteen (15) years old, 2) For tankers, the age limit is ten (10) years old, and 3) For high-speed passenger crafts, the age limit is five (5) years old; and

(b) Exemption from value-added tax on the importation of life-saving equipment, safety and rescue equipment and communication and navigational safety equipment, steel plates, and other metal plates including marine-grade aluminum plates, used for transport operations.

The importation of the articles under Section 4(a) and (b) of the Act shall be granted exemption from value-added tax subject to the following conditions: (1) That said articles are not manufactured domestically in sufficient quantity, of comparable quality and at reasonable prices; (2) The said articles are directly imported by a MARINA-registered domestic shipping operator; (3) That said articles are reasonably-needed and will be used exclusively by the registered domestic shipping operators in its transport operations;(4)That the approval of MARINA was obtained prior to the importation of said articles; and (5) The Exemption from value-added tax on the importation of said articles shall be granted to all domestic shipping operators within a period of ten (10) years from the effectivity of this Act.

Any sale, transfer or disposition of articles covered under Section 4(a) and (b) within ten (10) years from the effectivity of this Act to another registered shipping operators enjoying similar incentives shall require prior approval of MARINA. If the sale, transfer or disposition was made without prior approval of MARINA, both the vendor and the transferee or assignee shall be liable to pay twice the amount of value –added tax exemption given him: *Provided*, further. That if the sale transfer or disposition was made to a nonexempt entity or to a party other than a registered domestic ship operator within ten (10) years from the effectivity of this Act, both the vendor and the transferee or assignee shall be solidarily liable to pay twice the amount of the value-added tax waived: *Provided*, Finally, That the sale transfer or disposition made after ten (10) years from the effectivity of this Act shall be made by informing MARINA in writing. The purchasers, transferees or recipients shall be considered the importers thereof, who shall be liable for any internal revenue tax on such importation. The tax due on such importation shall constitute a lien on the article itself, and such lien shall be superior to all charges or lien on the goods irrespective of the possessor thereof, The Bureau of Internal Revenue (BIR) shall be furnished with the notice of actions taken by the MARINA.

(c) Net operating loss carry over. A net operating loss in any taxable year immediately preceding the current taxable year, which had not been previously offset as a deduction from gross income shall be carried over for the next three (3) consecutive taxable years immediately following the year of such loss subject to the pertinent provisions of the National Internal Revenue Code of 1997, as amended.

(d) Accelerated depreciation, Fixed assets may be depreciated as follows:

(i) To the extent of not more than twice as fast as the normal rate of depreciation or depreciated at normal rate of depreciation if the expected life is ten (10) years or less; or

(ii) Depreciation over any number of years between five (5) years and the expected life if the latter is more than ten (10) years, and the depreciation thereon allowed as deduction from taxable income: *Provided*, That the domestic shipping operator notifies the BIR at the beginning of the depreciation period which depreciation rate allowed by the Section will be used.

CHAPTER III

DEREGULATION OF THE DOMESTIC SHIPPING INDUSTRY-AUTHORITY OF THE MARITIME INDUSTRY AUTHORITY

SEC. 5. Authority to operate.- No franchise, certificate or any other form of authorization for the carriage of cargo or passenger, or both, in the domestic trade, shall be granted except to domestic ship owners or operators.

SEC. 6. Foreign Vessels Engaged in Trade and Commerce in Philippine Territorial Waters. – No foreign vessels shall be allowed to transport passengers or cargo between ports or places within the Philippine territorial waters, except upon the grant of Special Permit by the MARINA when no domestic vessel is available or suitable to provide the needed shipping service and public interest warrants the same.

SEC. 7. Issuance of Authority to Operate. – The MARINA shall have the power and authority to issue certificate of public convenience to qualified domestic ship operators, taking into consideration the economic and beneficial effect which the proposed service shall have to the port, province or region which it proposes to serve, and the financial capacity of the domestic ship operator to provide and sustain safe reliable, adequate, efficient and economic service in accordance with the standards set by the government regulation.

Every domestic ship operator shall state in its application the route it proposes to serve, and the service it proposes to offer. Domestic ship operators who do not intend to operate in a fixed route shall nevertheless state in its application the service it proposes to offer.

SEC. 8. Deregulation of the Domestic Shipping Industry. – In order to encourage investments in the Domestic Shipping Industry by existing domestic operators and attract new investment from new operators and investors, domestic ship operators are hereby authorized to establish their own domestic shipping rates: *Provided*, That the effective competition is fostered and public interest is served.

The MARINA shall monitor all shipping operations and exercise regulatory intervention where it is established, after due process that public interest needs to be protected and safeguarded.

SEC. 9. Safety Standards. – All vessels operated by domestic ship operators shall at all time be in seaworthy condition, properly equipped with adequate life-saving, communication, safety and other equipment, operated and maintained in accordance with the standards set by MARINA, and manned by duly licensed and competent vessel crew.

The MARINA shall have the power to inspect vessels and all equipment on board vessels to ensure compliance with safety standards.

SEC. 10. Jurisdiction; Powers; and Duties of MARINA. – The MARINA shall have the power and authority to:

- (1) Register vessels;
- (2) Issue certificates of public convenience, or any extensions or amendments thereto, authorizing the operation of all kinds, classes and types of vessels in domestic

shipping: *Provided*, That no such certificate shall be valid for a period of more than twenty-five (25) years;

- (3) Modify, suspend or revoke at any time, upon notice and hearing, any certificate, license or accreditation it may have issued to any domestic ship operator;
- (4) Establish and prescribe routes, zones or areas of operations of domestic ship operators;
- (5) Require any domestic ship operator to provide shipping services to any coastal area, island or region in the country where such services are necessary for the development of the area, to meet emergency sealift requirements, or when public interest so requires;
- (6) Set safety standards for vessels in accordance with applicable conventions and regulations;
- (7) Require all domestic ship operators to comply with operational and safety standards for vessels set by applicable conventions and regulations, maintain its vessels in safe and serviceable condition, meet the standards of safety of life at sea and safe manning requirements, and furnish safe, adequate, efficient, reliable and proper service at all times;
- (8) Inspect all vessels to ensure and enforce compliance with safety standards and other regulations;
- (9) Ensure that all domestic ship operators shall have the financial capacity to provide and sustain safe, reliable, efficient and economic passenger or cargo service, or both;
- (10) Determine the impact which any new service shall have to the locality it will serve;
- (11) Adopt and enforce such rules and regulations which will ensure compliance by every domestic ship operator with required safety standards and other rules and regulations on vessel safety;
- (12) Adopt such rules and regulations which ensure the reasonable stability of passengers and freight rates and, if necessary, to intervene in order to protect public interest;
- (13) Hear and adjudicate any complaint made in writing involving any violation of this law or the rules and regulations of the Authority;
- (14) Impose such fines and penalties on, including the revocation of licenses of, any domestic ship operator who shall fail to maintain its vessels in safe and serviceable condition, or who shall violate or fail to comply with safety regulations;
- (15) Investigate any complaint made in writing against any domestic ship operator, or any shipper, or any group of shippers regarding any matter involving violations of the provisions of this Act;
- (16) Upon notice and hearing, impose such fines, suspend or revoke certificates of public convenience or other license issued, or otherwise penalize any ship operator, shipper or group of shippers found violating the provisions of this Act; and
- (17) Issue such rules and regulations necessary to implement the provisions of this Act: *Provided*, That such rules and regulations cannot change or in any way amend or be contrary to the intent and purposes of this Act.

CHAPTER IV

RATES

Sec. 11. Rates. – Every domestic ship operator shall have the right to fix its own passenger or cargo rates, or both.

Sec. 12. Government Cargo. – Every domestic ship operator shall have the obligation to carry mail on mutually agreed terms and conditions, and preferential, negotiated conditions shall be given for the carriage of other government cargo.

Sec. 13. Monopolized Routes. – The MARINA shall have the authority to draw up such rules and regulations necessary for service in monopolized routes to determine the fairness of passenger and cargo rates needed to sustain the service taking into consideration the economic and beneficial effect which the service shall have to the port, province, island or region it proposes to serve, the volume of passengers and cargo available, the level and quality of service offered by the ship operator, and the available port facilities and terminal handling services.

CHAPTER V

COMPULSORY INSURANCE COVERAGE

Sec. 14. Compulsory Insurance Coverage for Passenger and Cargo. – To meet its financial responsibility for any liability which a domestic ship operator may incur for any breach of the contract of carriage, every domestic ship operators shall be required to submit annually the following:

- (1) Adequate insurance coverage for each passenger in an amount to be computed in accordance with existing laws, rules and regulations, and the total amount of such coverage shall be equivalent to the total number of passenger accommodations being offered by the vessel;
- (2) Adequate insurance coverage for cargo in an amount to be computed in accordance with existing laws, rules and regulations, and the total amount of such coverage shall be equivalent to the total cargo capacity being offered by the vessel; and
- (3) If a domestic ship operator should offer both passenger and cargo service, then the total insurance coverage shall be in the total sum equivalent to that stipulated in paragraphs (1) and (2) of this section.

Provided, That if a domestic ship operator should operate more than one (1) vessel, the amount of insurance coverage required under this section, for purposes of proving financial capacity, shall be the amount equivalent to the total number of passenger accommodations, or total cargo capacity, or both, of the largest operating vessel which the domestic ship operator may have: *Provided, further,* That the total insurance coverage which may be required of any domestic ship operator shall not exceed the value of such vessel: *Provided, finally,* That adequate insurance coverage shall be obtained from any duly licensed insurance company or international protection and indemnity association.

Sec. 15. Other Insurance Coverage. – The MARINA shall have the power to require every ship operator to obtain such other compulsory insurance coverage necessary to adequately cover claims for damages.

CHAPTER VI

PROHIBITED ACTS AND PRACTICES

Sec. 16. *Prohibited Acts and Practices of Domestic Ship Operators.* – The MARINA shall have the power to impose such fines and penalties against every domestic ship operator who shall:

- (1) Operate without a valid certificate of public convenience, accreditation or other form of authority required by this Act;
- (2) Refuse to accept or carry any passenger or cargo without just cause;
- (3) Fail to maintain its vessels in safe and serviceable condition, or violate safety rules and regulations;
- (4) Fail to obtain or maintain adequate insurance coverage;
- (5) Fail to meet or maintain safe manning requirements; and
- (6) Such other acts which the MARINA shall determine, after due notice and hearing, to be detrimental or prejudicial to the safety, stability and integrity of domestic shipping.

CHAPTER VII

FEES, FINES AND PENALTIES

Sec. 17. *Fees* – The MARINA shall have the power to impose, fix, collect and receive, in accordance with the schedules approved by its Board, such fees necessary for the licensing, supervision, regulation, inspection, approval and accreditation of domestic ship operators and the promotion and development of the country's maritime industry. The MARINA shall have the power to establish and manage a trust fund for this purpose.

Fees prescribed by the MARINA under this section shall be imposed and collected in order to recover the cost for rendering the service and shall not be used in order to impose a penalty on the domestic ship operator. Excessive fees, multiple fees and duplicative fees shall at all times be avoided.

The supervision fee provided in Section 40(e) of Commonwealth Act No. 146 insofar as the same applies to the operation, management, control and regulation of vessels, steamboats, steamship lines, ferries, water craft and the like, is hereby repealed.

Sec. 18. *Fines and Penalties.* – The MARINA, upon notice and hearing and a determination of the existence of any breach or violation of the provisions of this Act or any rules and regulations issued pursuant thereto, shall have the power and authority to:

- (1) Suspend or revoke any certificate or public convenience, license, permit, accreditation, or other form of authority issued to any domestic ship operator who shall violate any provision of this Act or any rules and regulations issued pursuant thereto, or any condition imposed on such certificate of public convenience, license, permit or accreditation;
- (2) Impose a fine on a domestic ship operator who shall operate without a valid certificate of public convenience, license, permit, accreditation, or other form of authority;
- (3) Impose a fine on a domestic ship operator in an amount to be determined by the MARINA for refusing to accept, or to carry passengers or cargo, without just cause, or for engaging in any prejudicial, discriminatory or disadvantageous act towards any class of passengers or shippers;
- (4) Impose a fine on any domestic ship operator in an amount to be determined by the MARINA, or suspend or revoke the certificate of public convenience of such

domestic ship operator, or both, who shall fail to meet the standards of such safety or who refuses to comply with or violates safety regulations imposed by the MARINA or fails to maintain its vessels in safe and serviceable condition;

- (5) Impose a fine on any domestic ship operator in an amount to be determined by the MARINA, or impose such other penalty, including the revocation of any certificate or license, who fails to procure or renew required insurance policies;
- (6) Impose a fine on any domestic ship operator in an amount to be determined by the MARINA, or impose such other penalty, including the revocation of any certificate or license who fails to meet or maintain safe manning requirements; and
- (7) Impose such other fines and penalties the MARINA may deem necessary and appropriate in order to enforce the provisions of this Act.

CHAPTER VIII

SHIPBUILDING AND SHIP REPAIR

Sec. 19. Shipbuilding and Ship Repair Investment Incentives. – To encourage investments and to ensure the development of a viable shipbuilding and repair industry, the following incentives are hereby granted:

- (a) Exemption from value-added tax on the importation of capital equipment, machinery, spare parts, life-saving and navigational equipment, steel plates and other metal plates, including marine-grade aluminum plates to be used in the construction, repair, renovation or alteration of any merchant marine vessel operated or to be operated in the domestic trade.

The importation of the above articles shall be granted exemption from value-added tax subject to the following conditions: (1) That said articles are not manufactured domestically in sufficient quantity, of comparable quality and at reasonable prices; (2) That said articles are directly imported by a MARINA-registered shipbuilder and ship repairer; (3) That said articles are reasonably needed and will be used exclusively by the registered shipbuilder and ship repairer; (4) That the approval of MARINA was obtained prior to the importation of said articles; and (5) That shipbuilders and ship repairers may avail of the exemption from value-added tax provided herein within a period of ten (10) years from the approval of this Act.

Any sale, transfer or disposition of articles under Section 19(a) within ten (10) years from the effectivity of this Act to another registered shipbuilder or repairer enjoying similar incentive shall require prior approval of MARINA. If the sale, transfer or disposition was made without prior approval of MARINA, both the vendor and the transferee or assignee shall be liable to pay twice the amount of the value-added tax exemption given him: *Provided, further,* That if the sale, transfer or disposition was made to a nonexempt entity or to a party other than a registered shipbuilder or repairer within ten (10) years from the effectivity of this Act, both the vendor and the transferee or assignee shall be solidarily liable to pay twice the amount of the value-added tax waived: *Provided, finally,* That the sale, transfer or disposition made after ten (10) years from the effectivity of this Act shall be made by informing MARINA in writing. The purchasers, transferees or recipients shall be considered the importers thereof, who shall be liable for any internal revenue tax on such importation. The tax due on such importation shall constitute a lien on the goods superior to all chargers or liens on the goods, irrespective of the possessor thereof. The BIR shall be furnished with notice of actions taken by the MARINA.

- (b) Net operating loss carry-over. A net operating loss in any taxable year immediately preceding the current taxable year, which had not been previously offset as a deduction from gross income shall be carried over as a deduction from gross income for the next three (3) consecutive taxable years immediately following the year of such loss subject to the pertinent provisions of the National Internal Revenue Code of 1997, as amended;

- (c) Accelerated depreciation. Fixed assets may be depreciated as follows:
- (i) To the extent of not more than twice as fast as the normal rate of depreciation or depreciated at normal rate of depreciation if the expected life is ten (10) years or less; or
 - (ii) Depreciated over any number of years between five (5) years and the expected life if the latter is more than ten (10) years, and the depreciation thereon allowed as deduction from taxable income; *Provided*. That the registered shipbuilder and ship repairer notifies the BIR at the beginning of the depreciation period which depreciation rate allowed by this section will be used.

Sec. 20. *Restriction on Vessel Importations.* – Ten (10) years from the effective date of this Act and every year thereafter, the MARINA shall evaluate and determine the progressive capability of MARINA-registered shipyards to build and construct new vessels for the domestic trade.

In its first year of evaluation, the MARINA shall determine the capability of MARINA-registered shipyards to build new vessels below 500 GRT. If, upon evaluation, the capability of MARINA-registered shipyards to build classed vessels below 500 GRT in quantities sufficient to meet, domestic demand is proven, then all domestic ship operators shall be discouraged from importing new or previously owned vessels that are less than 500 GRT for the domestic trade and vessels built in MARINA-registered shipyards shall be given priority for entry in the Philippine Registry and allowed to operate in the domestic trade.

The MARINA shall undertake a yearly evaluation of the progressive capabilities of all MARINA-registered shipyards to build larger classed vessels for the domestic trade in quantities sufficient to meet the demand of domestic ship owners and shall correspondingly adjust the size of vessels which may be sourced from MARINA-registered shipyards.

CHAPTER IX

TRANSITORY PROVISIONS

Sec. 21. *Period of Transition.* – Upon the approval of this Act, existing liner operators shall continue to operate in their approved routes.

Sec. 22. *Classification of Vessels in the Domestic Trade.* – All vessels, whether newly built or previously owned, which are acquired on or after the effectivity of this Act shall be classed by a government-recognized classification society on the date of acquisition prior to its operation in the domestic trade.

Sec. 23. *Retirement of Old Vessels.* – Immediately upon the approval of this Act, the MARINA shall prepare and implement a mandatory vessel retirement program for all unclassed vessels that fail to meet the classification standards of a government-recognized classification society.

All vessels which have attained the maximum vessel age stipulated by MARINA's mandatory vessel retirement program and which do not carry a class certificate issued by a government-recognized classification society shall not be allowed to operate in the domestic trade and shall be automatically de-listed from the Philippine Registry.

CHAPTER X

FINAL PROVISIONS

Sec. 24. *Temporary Take-Over of Operations.* – In times of national emergency, when the public interest so requires, the State may, during emergencies and under reasonable terms

prescribed by it, temporarily take over or direct the operations or any vessel engaged in domestic trade and commerce, or prescribe its rates or routes of operation. Immediately upon the cessation of the emergency, the State shall immediately reinstate to the domestic ship operator the operation of its vessel under the same terms and conditions existing prior to the occurrence of the emergency.

Sec. 25. *Separability Clause.* – If, for any reason, any section, subsection, sentence, clause or term of this Act is held to be illegal, invalid or unconstitutional, such parts not affected by such declaration shall remain in full force and effect.

Sec. 26. *Repealing Clause.* – The provisions of Commonwealth Act No. 146, insofar as the same applies to the operation, management, control and regulation of vessels, steamboats, steamship lines, ferries, water craft and the like, as well as the provisions of Presidential Decree No. 474, Executive Order Nos. 125 and 125-A, and such other laws, presidential decrees, executive orders, issuances, rules and regulations or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

Sec. 27. *Effectivity.* – This Act shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,

(Sgd.) JOSE DE VENECIA JR.
Speaker of the House of Representatives

(Sgd.) FRANKLIN M. DRILON
President of the Senate

This Act which is a consolidation of Senate Bill No 2731 and House Bill No. 5563 was finally passed by the Senate and House of Representatives on February 6, 2004 and February 7, 2004, respectively.

(Sgd.) ROBERTO P. NAZARENO
Secretary General
House of Representatives

(Sgd.) OSCAR G. YABES
Secretary of the Senate

Approved: May 03 2004

(Sgd.) GLORIA MACAPAGAL-ARROYO
President of the Philippines