

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**NINETEENTH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 2673**



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**Introduced by Representative Hon. Christopher “Toff” P. De Venecia**

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**AN ACT**  
**ALLOWING THE ADOPTION OF ALTERNATIVE WORK ARRANGEMENTS IN**  
**ENTERPRISES REGISTERED WITH INVESTMENT PROMOTION AGENCIES,**  
**AMENDING FOR THE PURPOSE SECTION 309 OF THE NATIONAL INTERNAL**  
**REVENUE CODE, AS AMENDED, AND FOR OTHER PURPOSES**

**EXPLANATORY NOTE**

Republic Act No. 11165 or the Telecommuting or Work From Home (WFH) Law was signed into law on December 20, 2018. The WFH Law provides that an employer and employee in the private sector may enter into a telecommuting program upon such terms and conditions based on their agreement. Two years after its passage, this law has realized its potential, as the Filipino labor force pivoted to alternative modes of work, brought about by the COVID-19 pandemic.

However, the WFH Law’s merits have not been fully realized for the IT-BPO sector – a sector that has been one of the prime economic movers of our country. Earlier this year, the Fiscal Incentive Review Board (FIRB), which was established through the passage of Republic Act No. 11534, or the CREATE Act, required employees of the IT-BPO sector to return to their offices located in economic zones by April 1, 2022; otherwise, the employers will lose their tax incentives. This order was made despite the clamor of IT-BPO employees to continue with WFH arrangements, in light of the ongoing COVID-19 pandemic, rising fuel prices and unprecedented inflation. This directive, which is based on a provision in the CREATE Law renders the WFH Law essentially nugatory in economic zones.

This bill seeks to allow entities registered with Investment Promotion Agencies, such the Philippine Economic Zone Authority (PEZA) to enter into voluntary work-from-home arrangements with their employees, without losing their tax incentives. Indeed, adaptability has helped our country survive this pandemic, and we must ensure that flexibility emanates from our laws in light of the rapid technological developments and global best practices.

The immediate passage of this measure is earnestly sought.

A handwritten signature in black ink, appearing to read 'Toff P. De Venecia'.

**REP. CHRISTOPHER “TOFF” P. DE VENECIA**  
*Fourth District, Pangasinan*

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

**SECTION 1.** Chapter VI, Section 309 of the National Internal Revenue Code, as amended by Republic Act No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises Act” (CREATE) is hereby amended to read:

“SEC. 309. Prohibition on Registered Activities. - A qualified registered project or activity under an Investment Agency administering an economic zone or freeport shall, **AS FAR AS PRACTICABLE**, be exclusively conducted or operated within the geographical boundaries of the zone or freeport being administered by the IPA in which the project or activity is registered: **PROVIDED, THAT NOTWITHSTANDING ANYTHING TO THE CONTRARY, SUCH REGISTERED BUSINESSES SHALL HAVE THE OPTION TO OFFER A TELECOMMUTING PROGRAM TO ITS EMPLOYEES ON A VOLUNTARY BASIS, PURSUANT TO REPUBLIC ACT NO. 11165, OTHERWISE KNOWN AS THE “TELECOMMUTING ACT”, UPON SUCH TERMS AND CONDITIONS AS THEY MAY MUTUALLY AGREE, AND IN COMPLIANCE WITH THE RULES AND REGULATIONS AS THE INVESTMENT AGENCY MAY PRESCRIBE:** Provided, **FURTHER**, That a registered business enterprise may conduct or operate more than one qualified registered project or activity within the same zone or freeport under the same Investment Promotion Agency: Provided, [further] **LASTLY**, That any project or activity conducted or performed outside the geographical boundaries of the zone or freeport shall not be entitled to the incentives provided in this Act, unless such project or activity is conducted or operated under another Investment Promotion Agency, **OR SUCH PROJECT OR ACTIVITY IS CARRIED OUT IN ACCORDANCE WITH THE TELECOMMUTING ACT AND THE RELEVANT RULES AND REGULATIONS OF THE CONCERNED INVESTMENT PROMOTION AGENCY ON THE CONDUCTS OF PROJECTS OR ACTIVITIES OUTSIDE OF THE ZONE OR FREEPORT.”**

**SEC. 2. Implementing Rules and Regulations.** - The Secretary of Finance, in consultation with the Department of Trade and Industry, the Commissioner of Internal Revenue, the Board of Investments, the Philippine Economic Zone Authority and other Investment Promotion Agencies shall promulgate the necessary rules and regulations to implement the provisions of this Act within

sixty (60) days from its effectivity. Failure to promulgate the rules and regulations shall not prevent the implementation of this Act upon its effectivity

**SEC. 3. *Repealing Clause.*** – The relevant provisions of Republic Act No. 7916 or “The Special Economic Zone Act of 1995,” Republic Act No. 7227, as amended or “The Bases Conversion And Development Act of 1992,” Republic Act No. 7922 or “The Cagayan Special Economic Zone Act of 1995,” Republic Act No. 7903 or “The Zamboanga City Special Economic Zone Act of 1995,” Presidential Decree No. 538 or the Act “Creating And Establishing The Phividec Industrial Authority And Making It A Subsidiary Agency Of The Philippine Veterans Investment Development Corporation Defining Its Powers, Functions And Responsibilities, And For Other Purposes,” Republic Act No. 9490 or “The Aurora Special Economic Zone Act of 2007,” Republic Act No. 9728 or the “Freeport Area of Bataan (FAB) Act of 2009,” Republic Act 9593 or “The Tourism Act of 2009,” and all other similar laws and provisions of laws for all other Investment Promotion Agencies as defined under Section 293(H) of the National Internal Revenue Code, as amended.

**SEC. 9. *Separability Clause.*** – Any portion or provision of this Act that is declared unconstitutional or invalid shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions can still subsist and be given effect in their entirety.

**SEC. 10. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

*Approved,*