

REVENUE REGULATIONS NO. 16-99 issued November 23, 1999 amends Revenue Regulations No. 1-95 and other related rules and regulations relative to the grant of tax incentives to enterprises registered in the Subic Special Economic and Freeport Zone. Specifically, any multinational company whose purpose is to engage in regional and/or international trade/services and business activities may establish in the Subic Special Economic and Freeport Zone its seat of management and the situs of its business transactions, including the recording of its income, from some or all countries in the Asia-Pacific region and or other parts of the world, including the Philippines.

For this purpose, the multinational company should register as a Subic Bay Regional Enterprise (SBRE) with the Subic Bay Metropolitan Authority. Once registered, the SBRE will pay a tax of 5% on gross income earned from business transactions in some or all of the countries in the Asia-Pacific region and/or other parts of the world, including the Philippines. The SBRE may generate revenues from sources within the Customs Territory up to 50% of its total revenues. The income generated from the customs territory will be subject to the tax of 5% on gross income earned, provided that, if the revenues derived from the customs territory exceed 50% of its total revenues, the excess of the income generated by the Regional Enterprise will be subject to the regular income tax rates in the customs territory.