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LAWNUM: RA07633

DATE : 07/20/92

TITLE : AN ACT AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NO. 3259,

AS

AMENDED, ENTITLED "AN ACT GRANTING THE INTERNATIONAL COMMUNICATIONS CORPORATION A FRANCHISE TO ESTABLISH RADIO STATIONS, FOR DOMESTIC TELECOMMUNICATIONS, RADIOPHONE," EXTENDING THE TERM OF THE FRANCHISE

BY

TWENTY-FIVE (25) YEARS FROM AUGUST 9,1996 AS PROVIDED IN REPUBLIC

ACT NO.

4905, AND FOR OTHER PURPOSES

TEXT :

H. No. 35014

Republic of the Philippines
Congress of the Philippines
Metro Manila

Fifth Regular Session

Begun and held in Metro Manila, on Monday, the twenty-second day of July, nineteen hundred and ninety-one.

[REPUBLIC ACT NO. 07633]

AN ACT AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NO. 3259, AS AMENDED, ENTITLED "AN ACT GRANTING THE INTERNATIONAL COMMUNICATIONS CORPORATION A FRANCHISE TO ESTABLISH RADIO STATIONS, FOR DOMESTIC TELECOMMUNICATIONS, RADIOPHONE," EXTENDING THE TERM OF THE FRANCHISE BY TWENTY-FIVE (25) YEARS FROM AUGUST 9,1996 AS PROVIDED IN REPUBLIC ACT NO. 4905, AND FOR OTHER PURPOSES

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

SECTION 1. Section One of Republic Act No. 3259 is hereby amended to read as follows:

SECTION. 1. Subject to the provisions of the Constitution and the provisions of laws, orders or issuances not inconsistent herewith, the International Communications Corporation, its successors or assigns, hereunder referred to as the grantee, is hereby granted the right, privilege and authority to construct, maintain and operate stations for telecommunications systems including radio, telegraph, telephone, facsimile, data, voice, audio and video services, lines, circuits, satellites and/or stations, wire and/or wireless for international and domestic public communications, with authority to receive and transmit information, messages, impressions, pictures, music, entertainment and advertising signals, throughout the Philippines and foreign countries, including ships at sea, airplanes and other conveyances, by means of electricity, electromagnetic waves, optics or any other kind of energy, force, variations or impulses, radiated through space or transmitted through any other medium."

SEC. 2. Section Four of Republic Act No. 3259, as amended by Republic Act No. 4905, is hereby further amended to read as follows:

"SEC. 4. The franchise of the grantee, as herein amended, is hereby extended by twenty-five (25) years from the expiration thereof on August 9, 1996."

SEC. 3. The grantee shall not begin any construction nor exercise any right or privilege under this franchise without first obtaining a certificate of public convenience and necessity from the National Telecommunications Commission or its legal successor of the form and character provided for under existing laws. The National Telecommunications Commission or its legal successor shall have the power to issue such certificate of public convenience and necessity whenever it shall, after due hearing, determine that such construction or such exercise of the right, privilege or franchise is necessary and proper for the public convenience, and the Commission shall have the power in so approving to impose such conditions as to construction, equipment, maintenance service or operation as the public convenience and interest may reasonably require.

SEC. 4. The rates for the telecommunications services that the grantee shall offer to the public shall be subject to the approval of the National Telecommunications Commission or its legal successor.

SEC. 5. In compliance with the constitutional mandate to democratize ownership of public utilities, the herein grantee shall make public utilities offering to the stock exchanges

at least thirty percent (30%) of its common stock 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.

SEC. 6. 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. The stations of the grantee shall be constructed and operated in a manner as win at most result only in the minimum interference on the wavelengths or frequencies of the existing stations or other stations which may be established in accordance with law of other telecommunications 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 should maximize rendition of the grantee's services and/or the availability thereof.

SEC. 7. All telecommunications lines and systems for telecommunications services owned, maintained, operated or managed by the grantee, its successors or assigns shall be operated and maintained at all times in a satisfactory manner, and it shall be the further duty of said grantee, its successors or assigns whenever required to do so by the National Telecommunications Commission or its legal successors to modify, improve and change such telecommunications system in such manner and to such extent as the progress of science and improvements in the telecommunications services may make reasonable and proper.

SEC. 8. The grantee shall hold the national, provincial, city and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or persons, caused by the construction or operation of the stations of the grantee.

SEC. 9. The President of the Philippines, in times of war, rebellion, public peril calamity, emergency, disaster or disturbance of peace and order, may take over and operate the transmitting, receiving and switching stations Or authorize the temporary use and operation thereof by any department of the Government, upon due compensation to the grantee, for the use of said stations during the period when they shall be so operated.

SEC. 10. The grantee shall keep an account of the gross receipts of its business and shall furnish the Commissioner on Audit and the Treasurer of the Philippines with a copy of such accounts not later than the thirty-first day of January of each year for the preceding year. All the books and accounts of the grantee pertaining to its business shall be

subject to the official inspection of the Commission on Audit or its authorized representatives, and the audit and approval of such accounts shall be final and conclusive evidence as to the amount of said gross receipts, except that the grantee shall have the right to appeal to the courts under the terms and conditions provided in the laws of the Philippines.

SEC. 11. 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 persons 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 telephone or other telecommunications businesses 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 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 and the return shall be subject to audit by the Bureau of Internal Revenue.

The grantee shall submit a detailed annual report to the Congress of the Philippines with respect to its program, operations, accounts, and payment of taxes and compliance with the terms and conditions of its franchise.

SEC. 12. The National Telecommunications Commission shall have the power, after due notice and hearing, to direct, authorize or order another holder of a certificate of public convenience and necessity or any qualified person or entity to temporarily operate and maintain the grantee's telecommunications services whenever the grantee's certificate is revoked or suspended by the Commission or in case the authorized temporary operator willfully discontinues or abandons his operations thereby causing irreparable damage and serious inconvenience to the public: Provided, That the Commission shall, in a formal order, prescribe the terms and conditions of the said temporary operation, the reasons for the designation of the temporary operator and the restoration to the grantee of said telecommunications service: Provided, further, That in no case shall such order be construed as a grant of a certificate of public convenience and necessity.

SEC. 13. The National Telecommunications Commission is hereby authorized, after due notice and hearing, to order the

grantee to allow interconnection of its facilities with other duly authorized telecommunications operators under such terms and conditions as the Commission may deem proper and reasonable in the interest of public good.

SEC. 14. The grantee shall operate and maintain all its stations, lines, cables, systems and equipment for the transmission and reception of messages, signals and pulses in a satisfactory manner at all times and, whenever required by the National Telecommunications Commission in the interest of the public good and as far as practicable, modify, improve or change such stations, lines, cables, systems and equipment to keep abreast with the advancement in science and technology.

SEC. 15. The grantee, its successors or assigns shall be subject to the corporation laws of the Philippines now existing or hereafter enacted.

SEC. 16. The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise, or the rights and privileges acquired thereunder to any person, firm, company, partnership, corporation or other commercial or legal entity, nor merge with any other person, firm, company, partnership or corporation organized for the same purpose except where the grantee is the surviving corporation without the prior approval of the Congress of the Philippines.

Any corporation to which this franchise may be sold, transferred or assigned shall be subject to the corporation laws of the Philippines now existing or hereafter enacted, and any person, firm, company, partnership, corporation or other commercial or legal entity to which this franchise is sold, transferred or assigned shall be subject to all conditions, terms, restrictions and limitations of this franchise as fully and completely and to the same extent as if the franchise had been originally granted to the said person, firm, company, partnership, corporation or other commercial or legal entity.

SEC. 17. This franchise shall not be interpreted to mean as an exclusive grant of the privileges herein provided for.

SEC. 18. Within sixty (60) days after effectivity of this Act, the grantee shall file with the National Telecommunications Commission its written acceptance of this Act and all the terms and conditions hereof and, in default of such acceptance, within the time so limited, this Act shall become null and void.

SEC. 19. The grantee shall comply with and be subject to the provisions of a general telecommunications policy law that may hereafter be enacted.

SEC 20. AU the other provisions, terms and conditions

contained in Republic Act No. 3259 which are inconsistent herewith are hereby repealed.

SEC 21. This franchise is granted with the understanding and upon the condition that it shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the common good so requires.

SEC. 22. This Act shall take effect fifteen (15) days from the date of its publication in at least two (2) newspapers of general circulation in the Philippines.

Approved,

NEPTALI A. GONZALES
President of the Senate

RAMON V. MITRA
Speaker of the House
of Representatives

This Act which originated in the House of Representatives was finally passed by the House of Representatives and the Senate on February 6, 1992 and February 3, 1992, respectively.

ANACLETO D. BADOY, JR.
Secretary of the Senate

CAMILO L. SABIO
Secretary General
House of Representatives

Approved: July 20 1992

FIDEL V. RAMOS
President of the Philippines