

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-eighth day of July, two thousand three.

[REPUBLIC ACT NO. 9290]

AN ACT PROMOTING THE DEVELOPMENT OF THE
FOOTWEAR, LEATHER GOODS AND TANNERY
INDUSTRIES, PROVIDING INCENTIVES THEREFOR
AND FOR OTHER PURPOSES

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

SECTION 1. *Short Title.* — This Act shall be known as the
“Footwear, Leather Goods and Tannery Industries Development
Act.”

SEC. 2. *Policy.* — Recognizing that the footwear, leather goods
and tannery industries have the potential to generate employment
through their integrated development, and increase the country's
foreign exchange earnings through exports and import substitutes,
it shall be the policy of the State to support, promote and encourage
the growth and development of the small and medium scale
enterprises (SMEs) belonging to these industries.

Toward this end, the State shall encourage the development
of these industries by:

(a) creating a business environment to encourage local small and medium enterprises in said industries to join the formal sector;

(b) establishing an adequate support structure to assist the viability of the SMEs in said industries and make them competitive;

(c) providing appropriate and time-bound fiscal incentives and programs to accelerate the growth of these industries;

(d) encouraging the institutionalization of these industries' associations, organizations and cooperatives to promote improvement and advancement of skills and craftsmanship of Filipino workers therein; and

(e) ensuring a ready domestic market by requiring government agencies to purchase products made by these industries and encouraging the private sector to do the same.

SEC. 3. *Development Incentives.* -- The following incentives shall be available to qualified footwear, leather goods and tannery enterprises for a maximum period of ten (10) years from the effectivity of this Act:

(a) Entitlement to zero (0) duty on imported capital equipment, including machinery equipment, tools for basic components, parts and accessories, including chemicals falling within Chapter 69 of Section XIII, Chapter 82 of Section XV, Chapters 84 and 85 of Section XVI, and Chapter 90 of Section XVIII of the Tariff and Customs Code of the Philippines, as amended;

(b) Additional deduction from gross income of fifty percent (50%) of the expenses incurred in training programs approved by the appropriate agency which shall be deductible during the fiscal year when the expenses were incurred;

(c) Inclusion, promotion, advertising and sale of locally manufactured finished products of these industries in the government's duty-free shops; and

(d) Tax credit on domestically purchased supplies, raw materials and semi-manufactured products equivalent to one hundred percent (100%) of the value of national internal revenue taxes and customs duties that would have been paid had these items been imported.

SEC. 4. *Government and Private Sector Support.* – All government personnel entitled to clothing, shoes and other similar allowances shall be mandated to source their footwear and leather goods needs from domestically accredited producers and manufacturers of products of said industries. All private recruitment agencies registered and accredited with the Philippine Overseas Employment Agency (POEA) shall source the apparel, footwear and related products from the said industries. All other private organizations and institutions shall be encouraged to likewise source their apparel, footwear and similar needs from these domestic industries.

SEC. 5. *Product Quality Recognition.* – The quality of products of these industries must be of internationally comparable quality. In particular, the sizing of footwear should be in accordance with at least the Philippine Sizing Standards, which are updated and attuned to the requirements of all markets.

In all cases, products must be properly labelled, whether sold in the Philippines or abroad. Re-labelling of products without the prior written consent or authorization of the producer, or designer or manufacturer shall be deemed in violation of this Act and other applicable laws.

SEC. 6. *Access to Official Development Assistance Funds.* – Official development assistance channeled through government financial institutions such as the Land Bank of the Philippines and the Development Bank of the Philippines shall be made available to duly registered enterprises in the industry at cost, with SMEs duly accorded preferential treatment.

SEC. 7. *Eligibility of Government Assistance.* – To qualify for assistance, technical support, counseling and other incentives envisioned in this Act, enterprises belonging to these industries must be duly registered with the appropriate government agencies as presently provided by law.

SEC. 8. *Ensuring Supply of Raw Materials.* – The supply of domestically sourced raw materials shall always be ensured by automatically providing for a quantitative export ban or tax, whichever is appropriate, so that the needs of these industries are prioritized.

SEC. 9. *Product Development.* – The Cottage Industry Technology Center (CITC) shall be responsible for product development training and support for appropriate technology and capital equipment acquisition geared towards global competition and the export market. In coordination with its host local government unit, the CITC shall develop initiatives and programs for the said industries.

SEC. 10. *Penalties.* – Without prejudice to any civil action for damages that may be instituted by any private offended party, any person who shall violate the provisions of this Act or its implementing rules and regulations shall, upon conviction, be subject to a fine of not less than Fifty thousand pesos (P50,000.00) or imprisonment of not less than one (1) year but not more than six (6) years, or both, at the discretion of the Court.

SEC. 11. *Implementing Agency.* – The Department of Trade and Industry (DTI) shall monitor, oversee and supervise the implementation of this Act, and shall submit a yearly report thereof to the President and to Congress.

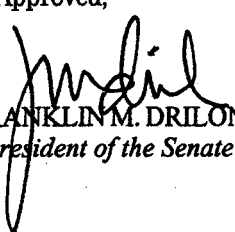
SEC. 12. *Implementing Rules and Regulations.* – Within sixty (60) days from the approval of this Act, the Secretary of Trade and Industry shall, upon consultation with the appropriate agencies and entities, promulgate the rules and regulations implementing the provisions of this Act.

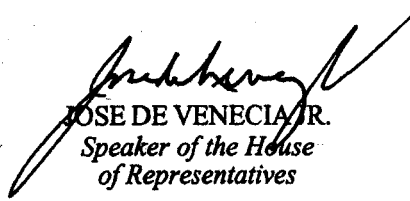
SEC. 13. *Separability Clause.* – If any provision or part of this Act is declared unconstitutional, the remaining provisions thereof not otherwise affected shall remain in full force and effect.

SEC. 14. *Repealing Clause.* – All laws, decrees and executive orders inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 15. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in at least one (1) newspaper of general circulation.

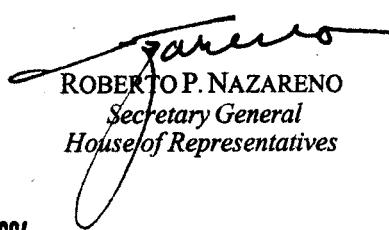
Approved,


FRANKLIN M. DRILON
President of the Senate

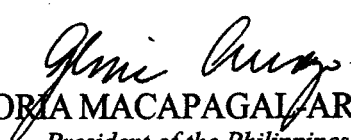

JOSE DE VENECIA JR.
*Speaker of the House
of Representatives*

This Act which is a consolidation of House Bill No. 5566 and Senate Bill No. 2716 was finally passed by the House of Representatives and the Senate on February 7, 2004 and February 6, 2004, respectively.


OSCAR G. YABES
Secretary of the Senate


ROBERTO P. NAZARENO
*Secretary General
House of Representatives*

Approved: APR 15 2004


GLORIA MACAPAGAL ARROYO
President of the Philippines

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