

H. No. 8937
S. No. 2826

Republic of the Philippines
Congress of the Philippines
Metro Manila
Nineteenth Congress
Third Regular Session

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

[REPUBLIC ACT NO. 12253]

AN ACT ENHANCING THE FISCAL REGIME FOR THE LARGE-SCALE METALLIC MINING INDUSTRY, AMENDING FOR THE PURPOSE SECTIONS 34(B), 287, AND THE SUBJECTS OF TITLE VI AND CHAPTER VII THEREOF, AND CREATING NEW SECTIONS 151-A, 151-B, 151-C, 151-D, AND 287-A, ALL UNDER REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

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

SECTION 1. *Title.* — This Act shall be known as the “Enhanced Fiscal Regime for Large-Scale Metallic Mining Act”.

SEC. 2. *Declaration of Policy.* – The State owns all mineral resources within its territory and exclusive economic zone. Thus, the State shall exercise full control and supervision over the exploration, development, and utilization of these resources, and shall receive its fair share in the incomes therefrom.

In harnessing mineral resources to contribute to the country's economic growth and general welfare, the State recognizes the indispensable roles of the private sector and civil society and shall encourage participation through transparency and public accountability.

In recognizing the indispensable role of the private sector, the State likewise encourages private enterprise and investments. Thus, the State guarantees the legal stability of agreements entered into by the Government with metallic mining investors as contractors of the State, including the continued applicability of the tax regime in force at the time of the execution of these contracts for the duration of their validity.

SEC. 3. *Scope of Application.* – This Act shall apply to all large-scale metallic mining operations.

SEC. 4. Section 34(B) of Republic Act No. 8424 or the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

“SEC. 34. *Deductions from Gross Income.* – x x x

(A) *Expenses.* –

x x x

(B) *Interest.* –

(1) *General.* – x x x

(2) *Exceptions.* – No deduction shall be allowed in respect of interest under the succeeding subparagraphs:

(a) x x x;

(b) x x x;

(c) x x x; or

(d) Interest incurred on related party debts of metallic mining contractors or operators, in excess of the allowable interest based on a quarterly related-party debt-to-equity ratio of two (2) to one (1) at any time during a taxable year.

For purposes of this subsection, the term:

(i) *Debt* shall mean the greatest amount, at any time during a taxable year, of the related-party debt obligations of the metallic mining contractor or operator, on which interest is payable as determined according to international financial reporting standards;

(ii) *Equity* shall mean the greatest amount, at any time during a taxable year, of the equity of the metallic mining contractor or operator, in accordance with international financial reporting standards, including an obligation to make a repayment of money without interest payable;

(iii) *Metallic Mining Contractor* shall mean a qualified person, acting alone or in a consortium, who is a party to a mineral agreement or financial or technical assistance agreement on metallic mineral production as defined under Republic Act No. 7942, otherwise known as ‘The Philippine Mining Act of 1995’; and

(iv) *Metallic Mining Operator* shall mean an entity commissioned by the metallic mining contractor to conduct mining operations duly approved by the Mines and Geosciences Bureau within the area covered by the mineral agreement or financial or technical assistance agreement by virtue of a validly executed operating agreement, memorandum of agreement, or other similar forms of agreement.

(3) *Optional Treatment of Interest Expense.* – x x x

x x x”.

SEC. 5. The subjects of Title VI and Chapter VII thereof of the National Internal Revenue Code of 1997, as amended, are hereby amended to read as follows:

"TITLE VI

EXCISE TAXES AND OTHER IMPOSITIONS ON CERTAIN GOODS
AND SERVICES

x x x

CHAPTER VII

EXCISE TAX AND OTHER IMPOSITIONS ON MINERALS AND
MINERAL PRODUCTS"

SEC. 6. A new section designated as Section 151-A under Chapter VII, Title VI of the National Internal Revenue Code of 1997, as amended, is hereby inserted to read as follows:

"SEC. 151-A. *Royalty.* -

(A) *Royalty Rate for Large-Scale Metallic Mining Operations.* - Royalties shall be levied on large-scale metallic mining operations, or the exploration, development, and utilization of metallic minerals under a mineral agreement or financial or technical assistance agreement, as defined under Republic Act No. 7942, otherwise known as 'The Philippine Mining Act of 1995', based on the following rates:

(1) *Operations Within Mineral Reservations.* - Large-scale metallic mining operations within mineral reservations, as defined in Republic Act No. 7942, shall be subject to a royalty of five percent (5%) of the gross output of the minerals or mineral products extracted or produced.

(2) *Operations Outside Mineral Reservations.* - Large-scale metallic mining operations outside mineral reservations shall be subject to a margin-based royalty on income from metallic mining operations, based on the following rates:

Margin	Rate
Over 0% but not over 15%	1.0%
Over 15% but not over 30%	2.0%
Over 30% but not over 45%	3.0%
Over 45% but not over 60%	4.0%
Over 60%	5.0%

Provided, That if the margin of large-scale metallic mining operations outside mineral reservations is less than or equal to zero percent (0%), a minimum royalty of one-tenth (1/10) of one percent (1%) of the gross output of the minerals or mineral products extracted or produced shall be imposed.

(B) For purposes of this section, the term:

(1) *Gross Output* shall mean the gross output as defined in Section 151(B)(1) of this Code;

(2) *Income from Metallic Mining Operations* shall mean the gross output less deductions directly attributable to mining operations which include:

(a) Mining, milling, transporting, and handling expenses together with smelting and refining costs incurred;

(b) General and administrative expenses actually incurred by the metallic mining contractor or operator;

(c) Environmental expenses of the metallic mining contractor or operator, including such expenses necessary to fully comply with its environmental obligations as stipulated in the environmental protection provision of the mineral agreement or financial or technical assistance agreement and in the applicable implementing rules and regulations;

(d) Expenses for the development of host and neighboring communities and of geosciences and mining technology, including

training costs and expenses, as stipulated in the mineral agreement or financial or technical assistance agreement and in the applicable implementing rules and regulations;

(e) Lease and royalty payments to claim owners or surface landowners relating to the contract area during the operating period, if any;

(f) Continuing exploration and development expenses within the contract area after the pre-operating period;

(g) Interest expenses charged on loans, subject to Section 34(B)(2)(d) of this Code, or such other financing-related expenses incurred by the metallic mining contractor or operator subject to financing requirements in the relevant mineral agreement or financial or technical assistance agreement, which shall not be more than what is applicable for arm's length transactions at the time the financing was arranged, and where such loans are necessary for its operations;

(h) Depreciation, depletion, or amortization; and

(i) Duties, fees, charges, and taxes, excluding royalty, as provided in this section, and windfall profits tax, as provided in Section 151-B and subject to the limitations under Section 34(C) of this Code.

(3) *Margin* shall mean the ratio of income from metallic mining operations to gross output.

(C) *Quarterly Returns, Payment, Bond; Final Adjustment.* –

(1) For locally produced or extracted metallic mineral or mineral products from inside and outside mineral reservations, the mining contractor or operator shall file a return and pay the royalty within sixty (60) days after the end of the calendar quarter when such products were removed, subject to such conditions as may be prescribed by rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the Commissioner. For this purpose, the mining contractor or operator shall file a bond in an amount that approximates the amount of

royalty due on the removals for the said quarter, subject to the filing of a final royalty adjustment return covering the total royalty due for the preceding calendar or fiscal year. If the sum of the quarterly royalty payments made during the said taxable year is not equal to the total royalty due for the entire year, the mining contractor or operator shall either:

(a) Pay the balance of royalty still due; or

(b) Carry over the excess credit.

(2) The royalty tax return shall be either electronically or manually filed with and the tax paid to the Bureau of Internal Revenue through any revenue district office through the revenue collection officer, authorized agent bank, or authorized tax software provider, except as the Commissioner otherwise prescribes.

(D) *Non-refundability and Non-credibility of Royalty.* – Similar to the excise tax imposed on mineral products under Section 151 of this Code, royalty on mineral products shall not be creditable or refundable even if the mineral products duly paid under this section are actually exported.

(E) *Collection of Royalties from Mining Operations.* – Any provision of law to the contrary notwithstanding, payment of the royalty due from mining operations under this section and other royalties subject to the share accruing to the Mines and Geosciences Bureau under Section 5 of Republic Act No. 7942, otherwise known as "The Philippine Mining Act of 1995", shall be collected by the Bureau of Internal Revenue."

SEC. 7. A new section designated as Section 151-B under Chapter VII, Title VI of the National Internal Revenue Code of 1997, as amended, is hereby inserted to read as follows:

"SEC. 151-B. *Windfall Profits Tax.* –

(A) *Windfall Profits Tax Rates for Large-Scale Metallic Mining Operations.* – Large-scale metallic mining operations subject of any mineral agreement or financial or technical

assistance agreement, as defined under Republic Act No. 7942, otherwise known as 'The Philippine Mining Act of 1995', shall be subject to, in addition to the taxes imposed under this Code, a windfall profits tax on net income from metallic mining operations based on the following rates:

Margin	Rate
Equal to 30% but not over 40%	1.0%
Over 40% but not over 55%	3.0%
Over 55% but not over 65%	5.0%
Over 65% but not over 75%	7.0%
Over 75%	10.00%

Provided, That this windfall profits tax shall not be deductible from taxable income as defined in Section 31 of this Code: *Provided, further*, That for purposes of this section, 'windfall' or 'margin' means the ratio of 'net income from metallic mining operations' to gross output, where the definition of 'gross output' is as provided under Section 151(B)(1) of this Code and 'net income from metallic mining operations' is as provided under Section 151-A(B)(2), except that allowable tax deductions shall include corporate income tax and royalty under Section 151-A: *Provided, finally*, That for the purpose of computing the windfall or margin, the optional standard deduction under Section 34(L) of this Code shall not be used.

(B) *Annual Returns and Payment.* – The mining contractor or operator shall file a windfall profits tax return and pay the tax due thereon, if any, on or before the fifteenth (15th) day of April, or on or before the fifteenth (15th) day of the fourth (4th) month following the close of the fiscal year, as the case may be, subject to rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the Commissioner.

The windfall profits tax return shall be either electronically or manually filed with and the tax paid to the Bureau of

Internal Revenue through any revenue district office through the revenue collection officer, authorized agent bank, or duly authorized tax software provider, except as the Commissioner otherwise prescribes."

SEC. 8. A new section designated as Section 151-C under Chapter VII, Title VI of the National Internal Revenue Code of 1997, as amended, is hereby inserted to read as follows:

"SEC. 151-C. *Ring-Fencing of Large-Scale Metallic Mining Operations.* – For purposes of reporting and paying the taxes under Sections 151-A and 151-B of this Code, a metallic mining contractor shall be treated as a separate taxable entity with respect to each mineral agreement or financial or technical assistance agreement that it holds and/or operates: *Provided*, That where a contractor has a valid and effective operating agreement, the mining operator shall be considered as a separate taxable entity for purposes of this section: *Provided, further*, That where there is more than one (1) valid mining operator under the same mineral agreement or financial technical assistance agreement, each mining operator shall be deemed a separate taxable entity for its respective mining operations under the agreement: *Provided, finally*, That where a mining operator conducts mining operations by virtue of a valid operating agreement with the mining contractor, it is understood that the mining operator is the one liable to pay the pertinent taxes imposed under this chapter.

As a separate taxable entity, each metallic mining contractor or operator shall be responsible for compliance with the corresponding reportorial and other requirements under applicable laws, rules, and regulations."

SEC. 9. A new section designated as Section 151-D under Chapter VII, Title VI of the National Internal Revenue Code of 1997, as amended, is hereby inserted to read as follows:

"SEC. 151-D. *Monitoring and Audit of Sales and Exportation of Minerals, Mineral Products, and Raw Ores.* – The Bureau of Internal Revenue and the Bureau of Customs are hereby authorized to examine and audit, for tax purposes, all sales and exportation of minerals, mineral products, and

raw ores. For this purpose, the books of accounts and records of metallic mining contractors and/or operators, including assay reports and sales and marketing agreements entered into by them, shall be open for inspection by the said bureaus: *Provided*, That the said bureaus shall be furnished by the Mines and Geosciences Bureau with a copy of such assay reports and sales and marketing agreements as well as the integrated annual reports of metallic mining contractors and/or operators: *Provided, further*, That metallic mining contractors and/or operators shall comply with disclosure and reportorial requirements pursuant to a transparency mechanism to be institutionalized under Section 14 of the 'Enhanced Fiscal Regime for Large-Scale Metallic Mining Act'."

SEC. 10. Section 287(A) of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 287. *Shares of Local Government Units in the Proceeds from the Development and Utilization of the National Wealth.* – x x x

(A) *Amount of Share of Local Government Units.* – Local government units shall, in addition to the internal revenue allotment, have a share of forty percent (40%) of the gross collection derived by the national government from the preceding fiscal year from excise taxes on mineral products, royalties, and such other taxes, fees, or charges, including related surcharges, interests, or fines, and from its share in any co-production, joint venture, or production sharing agreement in the utilization and development of the national wealth within their territorial jurisdiction.

For purposes of this subsection, the share of each local government unit shall be released directly and immediately to the provincial, city, municipal, or barangay treasurer, as the case may be, without need for further action and without being subject to any lien or holdback that may be imposed by the national government. The Department of Finance, Department of Budget and Management, and Department of the Interior and Local Government shall jointly issue the necessary rules and regulations for a streamlined disbursement scheme to ensure the speedy and timely release of local government shares in the national wealth: *Provided*, That this shall be over and above the business tax that the local government may impose on mining contractors,

which shall not exceed fifty percent (50%) of one percent (1%) of the total gross output.

x x x."

SEC. 11. A new section designated as Section 287-A under Chapter II, Title XI of the National Internal Revenue Code of 1997, as amended, is hereby inserted to read as follows:

"SEC. 287-A. *Share of the Mines and Geosciences Bureau and the Metals Industry Research and Development Center in the Royalty Proceeds from Mineral Reservations.* – A ten percent (10%) share of the royalty derived from mining operations within mineral reservations under Sections 151-A(A)(1) and 151-A(E) of this Code shall accrue to the Mines and Geosciences Bureau, to be allotted for special projects and other administrative expenses related to the exploration and development of other mineral reservations, as provided in Section 5 of Republic Act No. 7942, otherwise known as 'The Philippine Mining Act of 1995', and to the metals industry research and development center for the development of value-adding activities and downstream industries for strategic metallic ores as provided in Section 8 of Executive Order No. 79, series of 2012, institutionalizing and implementing reforms in the Philippine mining sector, providing policies and guidelines to ensure environmental protection and responsible mining in the utilization of mineral resources."

SEC. 12. *Incorporation of Fiscal Regime in Mineral Agreements.* – The fiscal regime and revenue-sharing arrangement provided in this Act shall accordingly be embodied, as appropriate, in the mineral agreements and financial or technical assistance agreements on metallic mineral production entered into by the government. This fiscal regime and revenue-sharing arrangement shall continue to be in force and effect for the entire duration of the contracts so entered and executed after the enactment of this Act: *Provided*, That this guarantee shall also apply to contracts entered into prior to this Act but subsequently renewed after the enactment of this Act.

SEC. 13. *Vested Rights.* – Save for the implementation of the new Section 151-A(E) of the National Internal Revenue Code of 1997, as amended, valid mineral agreements and financial

or technical assistance agreements existing prior to the effectivity of this Act shall continue to be governed by their respective terms and conditions until the expiration of their periods, except if said agreements provide that terms and conditions resulting from the repeal or amendment of existing laws or regulations or from the enactment of new law or regulation shall be considered written into and part of said mineral agreements and financial or technical assistance agreements.

SEC. 14. *Transparency and Accountability.* – The Government, through the Department of Finance, in coordination with other relevant agencies, shall institutionalize an inclusive and participatory mechanism for data collection, verification, public disclosure, and scrutiny of all extractive industry-related data including, but not limited to, tax, non-tax, beneficial ownership, natural capital accounting data under Republic Act No. 11995, otherwise known as “The Philippine Ecosystem and Natural Capital Accounting System (PENCAS) Act,” and revenue and expenditure data in the extractives value-chain pursuant to the best practices in the open, accountable, and good governance of mineral resources: *Provided*, That the disclosure shall include the General Information Sheet and other reportorial requirements regularly submitted to the Securities and Exchange Commission: *Provided, further*, That the disclosure shall be made in both electronic and non-electronic forms: *Provided, finally*, That a multi-stakeholder group with relevant representatives from government, industry, and civil society organizations shall be established as part of the transparency and accountability mechanism.

Any provision of law to the contrary notwithstanding, all businesses and activities engaged in the exploration, development, and utilization of minerals and other natural resources, being vested with public interest, shall be exempt from the application of confidentiality clauses in the National Internal Revenue Code of 1997, as amended, including Section 270 in relation to Section 71, on disposition of income tax returns and publication of lists of taxpayers and filers, and in Republic Act No. 11232, otherwise known as the “Revised Corporation Code of the Philippines,” including Section 177 thereof on reportorial requirements for corporations.

SEC. 15. *Appropriations.* – The amount necessary for the implementation of this Act, including the hiring of specialists and

other necessary personnel, shall be included in the annual General Appropriations Act.

The establishment of laboratories and facilities, and acquisition of tools necessary for the valuation of the minerals shall be funded from the share of the Bureau of Internal Revenue from the special education fund retained under Section 3 of Republic Act No. 5447.

SEC. 16. *Implementing Rules and Regulations.* – The Department of Finance shall, upon the recommendation of the Bureau of Internal Revenue and in consultation with the Department of Environment and Natural Resources, issue rules and regulations to implement this Act within ninety (90) days from its effectivity. Failure to promulgate the said rules and regulations shall not prevent the implementation of this Act upon its effectivity.

SEC. 17. *Transitory Clause.* – Large-scale metallic mining contractors and/or operators shall immediately be subject to the fiscal regime provided herein after one hundred and fifty (150) days from the effectivity of this Act.

SEC. 18. *Separability Clause.* – If any provision of this Act is declared invalid, the other provisions not affected thereby shall remain in full force and effect.

SEC. 19. *Repealing Clause.* – All other laws, acts, decrees, executive orders, rules, and regulations, or parts thereof which are contrary to or inconsistent with this Act are hereby repealed or modified accordingly. If the contrary or inconsistent laws, acts, decrees, executive orders, and rules and regulations cover subjects or matters other than large-scale metallic mining, they shall be repealed or modified by operation of this section, only to the extent that they are applicable to large-scale metallic mining, and shall, as appropriate, continue to be effective insofar as they apply to the other matters within their coverage.

Section 3 of Republic Act No. 5447, insofar as the utilization of the one percent (1%) retained by the Bureau of Internal Revenue is concerned, is hereby amended accordingly.

SEC. 20. *Effectivity.* – This Act shall take effect after fifteen (15) days following the completion of its publication in the *Official Gazette* or in a newspaper of general circulation.


Approved,


FRANCIS "CHIZ" G. ESCUDERO
President of the Senate


FERDINAND MARTIN G. ROMUALDEZ
*Speaker of the House
of Representatives*

This Act, which is a consolidation of House Bill No. 8937 and Senate Bill No. 2826, was passed by the House of Representatives and the Senate of the Philippines on June 11, 2025.


RENATO N. BANTUG JR.
Secretary of the Senate


REGINALD S. VELASCO
*Secretary General
House of Representatives*

Approved: SEP 05 2025


FERDINAND ROMUALDEZ MARCOS JR.
President of the Philippines

