

BOARD OF INVESTMENT INCENTIVES

FISCAL INCENTIVES

A. Income tax holiday (ITH)

BOI-registered enterprise shall be exempt from the payment of income taxes reckoned from the scheduled start of commercial operations, as follows:

- a. New projects with a pioneer status for six (6) years;
- b. New projects with a non-pioneer status for four (4) years;
- c. Expansion projects for three (3) years. As a general rule, exemption is limited to incremental sales revenue/volume.

ITH Sample Computation Registered As NEW

Net income	- P10 M
Tax rate	- 35%
Income tax	- P3.5 m
ITH	- P3.5 m

ITH Computation Registered As Expansion

Net income	- P10 M
Total sales	- P50 M
Base figure	- P10 M
Tax rate	- 35%

Computation:

A. Total sales	- P50 M
B. Less: base figure	- P10 M
C. Incremental sales (A-B)	- P40 M
D. Exemption ratio (C/A)	- 80%
E. Income tax	- P3.5 m
D. Income tax holiday	- P2.8 m
F. Income tax to be paid	- P0.7 m

New registered firms may avail themselves of a bonus year in each of the following cases:

- a. The indigenous raw materials used in the manufacture of the registered product must at least be fifty percent (50%) of the total cost of raw materials for the preceding years prior to the extension unless the board prescribes a higher percentage; Or
- b. The ratio of total imported and domestic capital equipment to the number of workers for the project does not exceed US\$10,000 to one (1) worker; Or
- c. The net foreign exchange savings or earnings amount to at least US\$500,000 annually during the first three (3) years of operation. In no case shall the registered pioneer firm avail of the ITH for a period exceeding eight (8) years.

B. Exemption from taxes and duties on imported spare parts

A registered enterprise with a bonded manufacturing warehouse shall be exempt from customs duties and national internal revenue taxes on its importation of required supplies/spare parts for consigned equipment or those imported with incentives.

C. Exemption from wharfage dues and export tax, duty, impost and fees

All enterprises registered under the IPP will be given a ten (10) year period from the date of registration to avail of the exemption from wharfage dues and any export tax, impost and fees on its non-traditional export products.

D. Tax exemption on breeding stocks and genetic materials

Agricultural producers will be exempted from the payment of all taxes and duties on their importation of breeding stocks and genetic materials within ten (10) years from the date of registration or commercial operation.

E. Tax credits

1. Tax credit on tax and duty portion of domestic breeding stocks and genetic materials. A tax credit equivalent to one hundred percent (100%) of the value of national internal revenue taxes and customs duties on local breeding stocks within ten (10) years from date of registration or commercial operation for agricultural producers.
2. Tax credit on raw materials and supplies. A tax credit equivalent to the national internal revenue taxes and duties paid on raw materials, supplies and semi-manufacture of export products and forming part thereof shall be granted to a registered enterprise.

F. Additional deductions for labor expense

G. The firm may qualify to import capital equipment, spare parts and accessories at 1% duty rate from date of registration or up to June 5, 2006 pursuant to executive order no. 313 and its implementing rules and regulations.

NON-FISCAL INCENTIVES

A. Employment of foreign nationals

A registered enterprise may be allowed to employ foreign nationals in supervisory, technical or advisory positions for five (5) years from date of registration. The position of president, general manager and treasurer of foreign-owned registered enterprises or their equivalent shall however not be subject to the foregoing limitations.

B. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies and exports of processed products.

C. Importation of consigned equipment for a period of 10 years from date of registration, subject to posting of a re-export bond.

D. The privilege to operate a bonded manufacturing/trading warehouse subject to customs rules and regulations.

**GUIDELINES IN THE FILLING OF AN APPLICATION FOR REGISTRATION
UNDER BOOK 1 OF THE OMNIBUS INVESTMENTS CODE OF 1987**
Executive Order No. 226

I. OFFICIAL FILLING FOR THE NEW PROJECT (More than 5 Million)

A. An application is considered officially filed upon submission of the complete set of documents (prescribed application form duly accomplished, project report and such other documents which may be required and upon payment of the required filing fee).

B. Required number of copies

1. For enterprises wishing to register with the Board of Investments:

- i. Two (2) copies of BOI Application Form No. 501
- ii. Two (2) copies of project report and supporting documents

2. For existing enterprises covered by rationalization, rehabilitation and/or modernization programs:

Application requirement is to be determined on a sector by sector basis at the time of implementing each program.

II. FEES

1. Filing Fees for
Application for Registration

a) Book I

- 1. Project costs not exceeding P4 millionP 1,500.00
- 2. Project costs exceeding P4 million but not over P20 million.....P 3,000.00
- 3. Project costs exceeding P20 million but not over P50 million.....P 4,500.00
- 4. Project costs exceeding P50 million.....P 6,000.00

2. Fee for Certificate of Registration.....1/10 of 1% of project cost but not less than P 3,000.00 and not exceed to P 15,000.00

*Additional P 10.00 per P.D. 200 as amended by P.D. 1856

**PROCEDURES FOR THE ISSUANCE OF CERTIFICATE OF REGISTRATION
UNDER BOOK 1 OF E.O. 226**

1. Official filing of a duly accomplished BOI Form No. 501 complete with supporting documents and payment of filing fee;
2. Evaluation of application and preparation of an evaluation report (including Publication of Notice of Filing of Application, referral to the private sector and plant visit, if necessary);
3. Presentation to the BOI Management Committee;
4. Confirmation by the BOI Executive Board;
5. Preparation of letter advising applicant of the Board Action
 - 5.1 If approved, Industry Group prepares a letter of approval including pre-registration requirements;
 - 5.2 If denied, Industry Group sends denial letter;
6. If applicant requests for waiver on pre-registration requirements:
 - 6.1 Industry Group prepares memorandum to the Board
 - 6.2 Board Confirmation
 - 6.2.1 If request is given due course, step no. 8 takes place;
 - 6.2.2 If request is denied, step no. 7 takes place;
7. Applicant complies with the pre-registration requirements;
8. Preparation and issuance of Certificate of Registration upon payment by applicant of Registration Fee;
9. Release of Certificate of Registration.

DOCUMENTS TO BE ATTACHED

1. Copy of Applicant's Articles of Incorporation/Partnership and By-Laws; SEC Certificate of Registration;

For new project this may be submitted as part of pre-registration requirements.

For existing project whose existing operation is registered with the Board, this requirement is waived.

2. Copy of company Audited Financial Statements (AFS) and Income Tax Return (ITR) for the past three (3) years or for the period the applicant has been in operation if less than three (3) years.

For domestic existing and expanding projects whose existing operations are not registered with the Board, this must be submitted, unless waived by the Board.

3. Copy of company's Board Resolution authorizing officer to sign in behalf of applicant enterprise.

All applicants are required to submit this.

4. Project Report:

- 4.1 For activities listed in the IPP (New)

- 4.2 For activities listed in the IPP (Expansion, Different Product Line)

- 4.3 For activities listed in the IPP (Expansion, same Product Line)

- 4.4 Existing Projects

Projections required may vary from one industry to another.

Please inquire with respective industry group.

NOTE:

Proofs of financial capacity (Sworn Statement of Assets and Liabilities and latest Income Tax Return) of Principal stockholders may be required only for new projects and on a case to case basis.

Board Resolution No. 240 S'91

WHEREAS, it has come to the attention of the Board that certain consultants, agents, representative of enterprises enjoying fiscal and non-fiscal incentives under investment and investment-related laws have intentionally or through gross committed acts resulting in violations of the provisions of said investments and implementing rules thereof.

WHEREAS, enterprises which have violated the terms and conditions of registration, the provisions of their law or registration and the rules and regulations thereof have invariably raised the defense that said violations were committed by their consultants, agents or representatives; without their knowledge or consent.

NOW, THEREFORE, for and in consideration of the foregoing premises, the Board hereby adopts the following resolution:

“RESOLVED, as it is hereby RESOLVED that it is the policy of the Board to repress acts of consultants, agents, representatives or other persons which tend to defraud the government by blacklisting and/or disqualifying said consultants, agents or representatives from further dealing with the BOI if they are found to have committed any of the following acts:

- a) Persuading, including or influencing any BOI staff to perform any act consisting a violation of any investment related law and rules and regulations and policies duly promulgated by the Board;
- b) Intentional or grossly negligent making of a material misstatement in the application for registration or enjoyment of incentives under laws being implemented by the BOI;
- c) Intentional or grossly negligent making of a material misstatement in the annual reports, audited financial statements, income tax returns and/or other reports required to be submitted to BOI;
- d) Fraudulent tampering, falsification, and/or misrepresentation of any material fact in any document required by the BOI to be submitted as supporting document in connection with or relative to the application for registration and/or application for enjoyment of incentives under any incentive law being implemented by BOI.

Provided that nothing herein shall be construed as to exculpate any enterprises from any liability or penalty for the violation of any provision of the investment laws and the terms and conditions of its registration whether or not the violation thereof can be traced to the enterprise itself or its consultant, agent or representative.