

REPUBLIC OF THE PHILIPPINES

BOARD OF INVESTMENTS
Industry and Investments Building
385 Sen. Gil J. Puyat Avenue, Makati City



MEMORANDUM CIRCULAR
NO. 2017 - 004

TO : ALL BOI CLIENTS AND ALL OTHERS CONCERNED
**SUBJECT : GENERAL POLICIES AND SPECIFIC GUIDELINES TO IMPLEMENT THE
2017 INVESTMENT PRIORITIES PLAN**

A. PREFATORY STATEMENT

Consistent with the Administration's thrust on zero + 10-point SocioEconomic Agenda and the Filipino people's aspirations in AmbisyonNatin 2040, the President issued Memorandum Order No. 12 dated 28 February 2017 approving the 2017 Investment Priorities Plan (IPP) as a key direction in making growth more inclusive and poverty-reducing.

Based on the theme "Scaling Up and Dispersing Opportunities," this IPP will serve as a blueprint in guiding Filipino and foreign investors in matching their entrepreneurial and financial capacities with the opportunities identified herein to steer the country's economic growth to a broader and sustainable path.

The 2017 IPP is a rolling three-year plan to ensure continuity and consistency in policies, but will be reviewed annually over the three-year period.

Therefore, notice is hereby given that the Board approved the following General Policies and Specific Guidelines to implement the 2017 IPP.

Specific Guidelines for energy efficiency-related projects under the listing "Environment or Climate Change-Related Projects" will be issued on later date.

B. GENERAL POLICIES

I. APPROVAL OF APPLICATION AND ENTITLEMENT TO INCENTIVES

The approval of application for registration shall be based on the IPP listing, and entitlement to incentives is subject to Article 7, paragraph 3 of Executive Order (E.O.) No. 226.

II. EQUITY OWNERSHIP

Except as provided for under the Constitution and the Foreign Investments Act of 1991 (Republic Act No. 7042, as amended), there are no restrictions on foreign ownership of export-oriented and/or pioneer enterprise that will engage in the activities listed in the IPP.

III. PROJECT STATUS

Unless specified in the Specific Guidelines of the listings in this IPP, status of the project shall be governed by Article 17 of E.O. No. 226.

IV. GEOGRAPHICAL CONSIDERATION IN INDUSTRY DEVELOPMENT POLICY

A. Regional Dispersal of Industries

The dispersal of economic activities to the countryside is encouraged.

Projects in any of the identified less developed areas (LDAs) listed in **Annex A** shall be entitled to pioneer incentives and additional deduction from taxable income equivalent to 100% of expenses incurred in the development of necessary and major infrastructure facilities unless otherwise specified in the Specific Guidelines.

B. Locational Restriction in National Capital Region (NCR)

Consistent with the objective of regional dispersal of industries, and the congestion in NCR, the BOI shall limit incentives to projects therein. Said projects are not entitled to Income Tax Holiday (ITH). Exemption from the above locational restriction, however, may be given to the following:

1. Projects in government industrial estates¹ declared by national law or presidential proclamation prior to 01 January 1989 (unless subsequently privatized);
2. Projects that will engage in service type activities²;
3. Expansion of export-oriented projects effected within the firm's existing premises; and
4. Modernization projects.

V. EXPORT OF PRODUCTS IN SHORT DOMESTIC SUPPLY

The export commitment of a registered enterprise may be suspended to satisfy national interest or in an emergency situation.

VI. ITH AVAILMENT

A. General Rules

1. In the grant of incentives, the Board shall give priority to projects with substantial benefits to the economy. In this regard, the extent of the project's ITH entitlement shall be based on the criteria set forth in the Specific Guidelines of the activities listed in this IPP.

The income qualified for ITH shall be limited to the income directly attributable to the eligible revenue generated from registered project unless otherwise specified in the Specific Guidelines.

2. Enterprises with multiple registrations with the Board and/or several activities (whether BOI-registered or not) shall submit a list of cost items that are common with the qualified project and their cost allocation methodology for the said cost items, to ensure proper, fair and equitable allocation of common cost such as overhead and administrative costs.

¹ Government Industrial Estates:

a) Dagat-dagatan (P.D. No. 569 dated 30 October 1974)
b) Vitas Industrial Estate, Tondo (E.O. No. 1086 dated 31 January 1986, as amended/expanded through Presidential Proclamation No. 39 dated 09 September 1992 and Proclamation No. 465 dated 01 August 1994) (Vitas Industrial Estate/Smokey Mountain)
c) Bagong Silang Industrial Estate, Caloocan City (Presidential Proclamation No. 843 dated 26 July 1971)
d) Food Terminal Inc., Taguig (LOI No. 900 dated 25 July 1979)
e) Navotas Fishing Port Complex (E.O. No. 772 dated 08 February 1982).

² Contact centers and non-voice business processing activities that will be located in Metro Manila may no longer be qualified for incentives availment with the Board of Investments under Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987, as amended, by year 2020.

B. Base Figure and Rate of Exemption

Where applicable, ITH availment of expansion projects is subject to a base-figure equivalent to the enterprise's highest sales volume in case of homogenous products or sales value in case of heterogeneous products, in the last three (3) years prior to the start of commercial operations of the project.

Projects registered under the modernization program without increase in capacity may be entitled to three (3) years ITH and other incentives, without prejudice to compliance with other requirements. The computation of ITH for projects without increase in capacity is as follows:

For single product/activity:

$$\text{Rate of Exemption (ROE)} = \frac{\text{New Investment (in US\$)}}{\frac{\text{Total Investments (replacement cost + new)}}{\text{Relative to the Concerned Plant (in US\$)}}} \times 100$$

For multiple products/ activities, or when ITH period of other products/ activities has lapsed:

$$\% \text{ Sales Entitled to ITH} = \frac{\text{Sales arising from the modernization project}}{\text{Total Sales}} \times 100$$

$$\text{ROE} = \frac{\text{New Investment (in US\$)}}{\frac{\text{Total Investments (replacement cost + new)}}{\text{Relative to the Concerned Plant (in US\$)}}} \times 100$$

Where:

- ROE shall be fixed for the ITH entitlement period.
- Exchange rate shall be the existing rate at the time of actual investment or time of availment of ITH whichever will result in lower rate of ITH.
- Replacement cost shall refer to the appraised value of its Fixed Assets relative to the concerned plant in the first year of ITH availment duly assessed and certified by an Independent Appraiser accredited by the Bangko Sentral ng Pilipinas. This shall thereon be used as a basis in succeeding ITH availments until the end of the ITH entitlement period of the project.
- % Sales Entitled to ITH shall be based on actual sales values for the year of availment.

C. Availment of ITH Bonus Year

New registered pioneer and non-pioneer enterprises and expansion enterprises granted pioneer incentives under Art. 40(a) of E.O. 226 may be granted one (1) additional year of ITH incentive for each of the following criterion, provided that registered pioneer enterprise may avail of the ITH for a maximum period of eight (8) years:

1. Capital Equipment to Labor Ratio Criterion

a) Formula:

$$\frac{\text{Derived \$ cost of capital equipment}}{\text{Average number of direct labor}} \leq \text{US\$ 28,000.00}$$

b) The acquisition cost of the machinery and equipment pertaining to the registered activity covering the taxable year immediately preceding the period applied for extension and

not the depreciated cost shall be used and, in converting the value of equipment from pesos to dollars, the average foreign exchange rate at the time of acquisition shall be used.

- c) The direct labor count shall represent an average of the month end labor count for the same taxable year as represented in (b).
- d) On the year of the actual availment of the ITH bonus year, the firm must still comply with the capital equipment to labor ratio criterion to be entitled to it.
- e) The above ratio shall be reviewed in 2019 or upon expiration of this IPP.

2. Net Foreign Exchange Earnings/Savings Criterion

- a) Foreign Exchange Earnings is the total foreign exchange proceeds from the export of the registered product or services; while Foreign Exchange Savings is the local sales of the registered product equivalent to the foreign exchange costs of the said product had this been imported, provided that, said product is totally imported into the country at the time of the firm's registration and duly indicated as import substituting in the firm's certificate of registration.
- b) The export sales/local sales of import substitutes or the derived average foreign exchange earnings/savings less the foreign exchange costs/expenses for the first three years of commercial operation should at least be US\$500,000.00.
- c) Foreign exchange costs/expenses include imported raw materials, imported supplies/spare parts, depreciation of imported machinery/equipment, among others.

3. Indigenous Raw Material Cost Criterion

- a) Formula:

$$\frac{\text{Cost of Indigenous Raw Materials}}{\text{Total Cost of Raw Materials}} \times 100\% \geq 50\%$$

- b) Indigenous raw materials (IRM) refer to plants, animals and fishery species endemic to the Philippines, possessing unique physical characteristics and/or attributes adapted to the local environment except threatened species* as identified by relevant government agencies, such as the Department of Environment and Natural Resources (DENR) and the Department of Agriculture (DA). These also include plants, animals and fishery products bred with at least one endemic parent; plants, animals and fishery products endemic to the Philippines that are semi-processed.
- c) IRM must be used as inputs in the manufacture or processing of the registered product. The derived ratio should not be lower than fifty percent (50%) for each taxable year beginning the start of commercial operation up to when the extension using this criterion was applied for.
- d) The illustrative list of indigenous raw materials is provided in **Annex B**.
- e) On the year of the actual availment of the ITH bonus year, the firm must still comply with the indigenous raw material cost criterion to be entitled to it.

* Pursuant to R.A. No. 9147, s. 2001, "Threatened species" is a general term to denote species or subspecies considered as critically endangered, endangered, vulnerable or other accepted categories of wildlife whose population is at risk of extinction.

D. Projects with Government Guarantee

Projects with government guarantee/subsidy are not entitled to ITH except in cases where ITH has been considered in the rates/tariffs approved by the regulatory agency concerned.

The ITH is deemed to have been imputed in the grant of the government guarantee/subsidy if the ITH was incorporated in the bid documents of the project proponent/contract with government on the project, or the ITH was included in the financial model by the regulatory agency in approving the project's tariffs/rates. The latter case is particularly applicable to power projects and thus, subject to a certification by the Energy Regulatory Commission.

VII. MULTI-PHASE PROJECTS

Projects of an enterprise with multiple phases/locations may be registered on a per phase/location basis.

The acquisition of additional brand new vessel/s and aircraft under Water and Air Transport, respectively, and the conduct of each clinical/drug trial under Research and Development may be registered as new project.

VIII. CORPORATE SOCIAL RESPONSIBILITY (CSR)

BOI registered entities, recognizing the benefits derived from the fiscal incentives granted by the government, should endeavor to undertake meaningful and sustainable CSR projects in the locality where the projects are implemented.

IX. GOOD CORPORATE GOVERNANCE

BOI registered enterprises must be committed to the tenets of Good Corporate Governance. Boards must function properly in decision-making processes that affect their stakeholders.

X. SUPPORT TO ENVIRONMENTAL PROTECTION AND CONSERVATION

New and expansion projects shall be required to secure an Environmental Compliance Certificate (ECC) pursuant to P.D. No. 1586 (Philippine Environmental Impact Statement System) and other clearances under relevant environmental laws.

A Certificate of Non-Coverage (CNC) issued by the Environmental Management Bureau (EMB) shall be submitted for projects that do not have adverse impact to the environment.

Registered enterprises must submit a copy of ECC or CNC, whichever is applicable, prior to start of commercial operations.

XI. EQUIPMENT

Registered enterprises shall use brand new equipment except for projects utilizing consigned equipment, projects involving transfer of facilities, when specified in the Specific Guidelines, strategic projects/considerations as determined by the Board, and shall apply production processes that meet environmental standards.

XII. PROJECTS IN THE AUTONOMOUS REGION IN MUSLIM MINDANAO (ARMM)

The ARMM List covers priority activities that have been identified by the Regional Board of Investments of the ARMM (RBOI-ARMM) in accordance with E.O. No. 458. The RBOI-ARMM may also register and administer incentives to activities in this IPP for projects locating in the ARMM.

Projects in the ARMM should register with the RBOI-ARMM.

XIII. PROJECTS WITH REVENUES DERIVED FROM CARBON CREDITS PURSUANT TO THE KYOTO PROTOCOL

Revenues from the sale of carbon credits through certified emission reduction (CER) units generated from registered activity may be considered as part of the income entitled to ITH, provided that the enterprise made representation at the time of application for registration that such projects would earn CER units.

XIV. OUTSOURCING OF PRODUCTION PROCESS OR SERVICES

Portion/s of the production process or services of the registered activity may be outsourced provided that the core activity or the integrated nature of operation is undertaken by the registered enterprise.

XV. PUBLIC WELFARE CONSIDERATION

The BOI may deny applications for registration and/or grant of incentives for reasons of national interest, public health, morals or for environmental considerations.

C. DEFINITION OF TERMS

- a) **Agency Acronyms** – As used in these Guidelines, the following acronyms shall refer to:
 - BOI – Board of Investments
 - CAAP – Civil Aviation Authority of the Philippines
 - CAB – Civil Aeronautics Board
 - CHED – Commission on Higher Education
 - DA – Department of Agriculture
 - DAR – Department of Agrarian Reform
 - DENR – Department of Environment and Natural Resources
 - DOE – Department of Energy
 - DOH – Department of Health
 - DOST – Department of Science and Technology
 - DOTr – Department of Transportation
 - DSWD – Department of Social Welfare and Development
 - HLURB – Housing and Land Use Regulatory Board
 - LGU – Local Government Unit
 - LTFRB – Land Transportation Franchising and Regulatory Board
 - LTO – Land Transportation Office
 - MARINA – Maritime Industry Authority
 - NCIP – National Commission on Indigenous Peoples
 - PAB – Philippine Accreditation Bureau
 - PPA – Philippine Ports Authority
 - PPP Center – Public-Private Partnership Center
 - RBOI-ARMM – Regional Board of Investments-Autonomous Region in Muslim Mindanao
 - TESDA – Technical Education and Skills Development Authority
 - TRB – Toll Regulatory Board
- b) **Alternative Energy Vehicles** – refer to vehicles that run on non-fossil based fuels except for CNG.
- c) **Apartment Hotel/Serviced Residence** – refers to a serviced apartment offering self-contained units that contain access to kitchen and laundry facilities. A number of bedrooms may share one bathroom in the unit.

d) **Book** – refers to a printed non-periodical publication of at least forty-eight (48) pages, exclusive of cover pages, published in the country and made available to the public.

e) **Content Development of Books** consists of the following:

- (1) Development of new technologies directly related to book printing or publishing, such as but not limited to digitization, electronic books (e-books), internet-based archiving and retrieval systems, electronic content creation and development systems, educational and/or "how-to" audio-visual presentations with or without interactive segments, and the like.
- (2) Research and development activities directly related to book printing or publishing, such as but not limited to translation, editing, analysis and/or interpretation of text and materials into local dialects or adaptation/application to the domestic setting.

f) **Copy** – refers to the certified true copy of the original document.

g) **Distribution** – refers to bunkering and fuel shipping and transport. Fuel shipping and transport cover shipping and transport through land such as tank trucks, lorries and pipeline and tankers, and barges for the fuels to get to the points or areas where they are needed. Bunkering covers the activity of selling fuel for direct use by a vessel, usually for water and air transport, through a smaller transport vessel. Distribution projects are limited to those acquiring brand new equipment.

h) **Eco-lodge** – refers to a facility where visitors may stay overnight during their visit to an ecotourism site. It includes infrastructure and services designed to provide visitors with convenience, safety and an enjoyable stay.

i) **Eco-tour Facility** – refers to a facility within a natural area designed to protect the environment and enhance the quality of visitor experience.

j) **Existing Project** – refers to a project of an existing enterprise that has started commercial operation at the time of application with the Board.

k) **Expansion Project** – refers to a project of an existing enterprise that would involve the installation of additional facilities/equipment that will result in increase in capacity of the same/similar activity within the same existing plant/facilities of the enterprise. Projects that do not qualify as new shall be considered as expansion.

l) **Farm tourism** – refers to the practice of attracting visitors and tourists to farm areas for production, educational and recreational purposes.

m) **General Hospital** – refers to a hospital with Levels 1, 2 or 3 that provides services for all kinds of illnesses, diseases, injuries, or deformities. It shall provide medical, surgical, maternity, newborn, and child care. It shall employ Board certified/eligible medical specialists and other licensed physicians.

n) **General Hospital Level 1** – refers to a hospital that has the following:

- Staff of qualified medical, allied medical and administrative personnel headed by a physician duly licensed by Professional Regulation Commission (PRC);
- Operating room with standard equipment and provision for sterilization of equipment and supplies;
- Post-operative recovery room;
- Maternity facilities consisting of ward(s), room(s), a delivery room, exclusively for maternity patients and newborns;
- Isolation facilities with proper procedures for the care and control of infections and communicable diseases;

- Separate dental section/clinic;
- Blood station;
- DOH-licensed secondary clinical laboratory with the services of a consulting pathologist;
- DOH-licensed level 1 imaging facility with the services of a consulting radiologist;
- DOH-licensed pharmacy.

o) **General Hospital Level 2** – refers to a hospital that has, as minimum, all of Level 1 capacity including the following:

- An organized staff of qualified and competent personnel with Chief of Hospital/Medical Director and appropriate Board-certified Clinical Department Heads;
- General ICU for critically-ill patients;
- Provision for Neonatal Intensive Care Unit (NICU);
- Provision for High Risk Pregnancy Unit (HRPU);
- Provision for respiratory therapy services;
- DOH-licensed tertiary clinical laboratory;
- DOH-licensed level 2 imaging facility with mobile x-ray inside the institution and capability for contrast examinations.

p) **General Hospital Level 3** – refers to a hospital that has, as minimum, all of Level 2 capacity including the following:

- Teaching and/or training hospital with accredited residency training program for physicians in the four (4) major specialties namely: Medicine, Pediatrics, Obstetrics and Gynecology, and Surgery;
- Provision for physical medicine and rehabilitation unit;
- Provision for ambulatory surgical clinic;
- Provision for dialysis facility;
- Provisions for blood bank;
- DOH-licensed tertiary clinical laboratory with standard equipment/reagents/supplies necessary for the performance of histopathology examinations;
- DOH-licensed level 3 imaging facility with interventional radiology.

q) **Government Guarantee** – refers to the rate of return granted by the regulating agency to include profit and the recovery of capital expenditure (guaranteed rate of return), assured payment whether or not services/products were produced/delivered (take or pay provision), and assurance to lender by a government agency that a financial obligation will be honored even if the borrower is unable to repay the debt.

r) **Government Subsidy** – refers to an agreement whereby the government, or any of its agencies/LGUs will defray, pay for or shoulder a portion of the project cost or the expenses and costs in operating or maintaining the project.

s) **Guest Accommodation** – refers to tourist inns, pension houses, motorist hotels, bed and breakfast and other accommodation facilities including new and innovative hotel-type accommodations.

t) **Homestay** – refers to alternative tourism where tourists will stay with the host's family in the same house and will experience the everyday way of life of the family and the local community.

u) **Hotel** – refers to full service accommodation with reception and guest rooms generally offering private facilities with an on-site restaurant, room and bar services available. Additional facilities such as business centers and conference rooms are expected.

v) **Integrated Circuit** – refers to a semiconductor device that holds a number of electronic components that are internally connected to form a larger electronics circuit which can operate either using analog or digital technology.

w) **Marketing of Petroleum Products/Natural Gas** covers the following:

- (1) Retailing or selling in retail generally directed to the end users, through dispensing pumps in stations or in packaged containers such as drums for the liquid fuels or metal cylinders that are compliant with PNS. This includes the establishment and operation of gasoline/natural gas stations and retailing.
- (2) Fuels bulk marketing or selling in wholesale through tank trucks, lorries, double-hulled vessels/tankers, barges or pipelines, which may be sourced from one's own storage facilities. Investment shall include underground tanks and other equipment intended for fuels retailing through outlets such as gasoline/natural gas stations and LPG/LNG outlets.
- (3) A combination of storage, distribution, and marketing activities.

x) **Modernization Project** – refers to a project of an existing enterprise that would involve improvements in systems, processes, equipment, and/or facilities that must result in any of the following:

- (1) At least 25% substantial reduction of production cost/cost of provision of the service; or
- (2) Upgraded product/service quality such as classification of the facility (e.g., hospitals, hotels, resorts) to a higher class, or upgrading of the enterprise's existing or baseline skills/training program for IT-BPM and shipping/maritime industries to a higher level of certification or standards in accordance with accreditation standards applicable to the industry concerned.
- (3) For sugar milling and/or refining projects, must have a resulting Overall Recovery Rate (ORR) performance of at least 85% and 94%, respectively.
- (4) For coal-fired power generation projects, must convert to at least a supercritical boiler technology or its equivalent in terms of emissions including its turbine or generator.

y) **National Capital Region (NCR)** – refers to the region in the Philippines without any province and subdivided into 17 local government units comprising of 16 cities and one municipality. NCR, also known as Metro Manila, is composed of Manila, the capital city of the Philippines, Quezon City, Caloocan, Las Piñas, Makati, Malabon, Mandaluyong, Marikina, Muntinlupa, Navotas, Parañaque, Pasay, Pasig, San Juan, Taguig, Valenzuela, and the municipality of Pateros.

z) **New Project** – refers to a project/activity listed in the IPP that has not started commercial operation undertaken by:

- (1) A newly organized/formed enterprise that:
 - i. has no common stockholders in any existing enterprise, or
 - ii. has common stockholders in the existing enterprise but own not more than fifty percent (50%) of equity in the new enterprise, or
 - iii. has common stockholders but will engage in an entirely distinct and separate activity, or
 - iv. has common stockholders (regardless of percentage of common ownership) and will engage in the same activity as that of the existing enterprise but will locate in a different municipality, province, or region.
- (2) An existing enterprise that shall engage in:
 - i. an entirely distinct and different activity from its existing business operations; or
 - ii. the same activity provided it shall establish a new facility³ in an area not contiguous to the premises of its existing project and with new investments.
- (3) An enterprise involving the manufacture of products utilizing local R&D. Applications for registration utilizing local R&D must be endorsed by the Department of Science and

³New facility refers to new complete line used in the production of the registered product/service separate from existing line.

Technology (DOST) stating that this was undertaken in the Philippines and has not yet been commercialized.

(4) For industrial tree plantations, an enterprise involved in the development of any public or private land to plantation of timber and non-timber species to supply the raw material requirements of forest-based industries. It also includes plantation with existing tree crops, which have not yet reached commercial harvest.

aa) **Original Text with Annotations** – refer to written works where the original text is augmented with annotations, such as additional comments, highlights, evaluation, or explanation, that are provided by the same or another author for the purpose of further analyses and understanding of the said original text by a specific audience.

bb) **Original Works** – are original intellectual creations in the literary and artistic domain protected from the moment of their creation and shall include in particular books, pamphlets, articles and other writings.

cc) **Other Health Facilities** – shall refer to the following:

(1) **Custodial Care Facility** – a health facility that provides long-term care, including basic human services like food and shelter to patients with chronic or mental illness, people requiring ongoing health and nursing care due to chronic impairments and a reduced degree of independence in activities of daily living. This covers drug rehabilitation and psychiatric care facilities excluding sanitarium/leprosarium and nursing homes.

(2) **Diagnostic/Therapeutic Facility** – a facility that examines the human body or specimens from human for the diagnosis, sometimes treatment of diseases.

(3) **Specialized Out-patient Facility** – a facility with highly competent and trained staff that performs highly specialized procedures on an out-patient basis; examples are, but not limited to the following: (i) Dialysis Clinic, (ii) Ambulatory Surgical Clinic, (iii) Oncology Chemotherapeutic Center/Clinic, (iv) Radiation Oncology Facility, (v) Physical Medicine and Rehabilitation Center / Clinic.

Ambulatory surgical services include general ambulatory surgery, colorectal, oral-maxillo-facial, ophthalmologic, orthopedic, otorhinolaryngologic, pediatric, plastic and reconstructive, reproductive health, thoracic and urologic ambulatory surgeries.

dd) **Phase** – refers to a distinct period or stage pertaining to the development or operational capacity of a project.

ee) **Resort** – refers to full service accommodation located in a more natural, relaxed environment, with reception and guest rooms generally offering private facilities with an onsite restaurant, room and bar service available. Additional recreation facilities and tour services are expected.

ff) **Specialty Hospital** – refers to a hospital that specializes in a particular disease or condition or in one type of patient. A specialized hospital may be devoted to treatment of any of the following:

(1) Treatment of particular types of illness for a particular condition requiring a range of treatment. Examples of these hospitals are Philippine Orthopedic Center, National Center for Mental Health, San Lazaro Hospital, and hospitals dedicated to the treatment of cancer.

(2) Treatment of patients suffering from diseases of a particular organ or groups of organs. Examples of these hospitals are Lung Center of the Philippines, Kidney and Transplant Institute, and hospitals dedicated to treatment of eye disorders.

(3) Treatment of patients belonging to a particular group as children, women, elderly and others. Examples of these hospitals are Philippine Children's Medical Center, National Children's Hospital, and Dr. Jose Fabella Memorial Hospital.

gg) **Start of Commercial Operations** – shall be the date specified in the project study submitted to the Board, or the date when a particular enterprise actually begins production of the registered product for commercial purposes, or commercial harvest in the case of agricultural, fishery and forestry activities, whichever comes first, irrespective of phases or modules or schedule of development. In the case of service oriented activities, it shall mean the date when a particular registered enterprise begins catering to or servicing its clients on a commercial basis. In the case of export traders and service exporters, the term shall mean the date when the initial export shipment in commercial quantity has been made or initial performance of service as borne out by the appropriate supporting documents.

In the case of startups, start of commercial operations shall be the date when a particular enterprise earns taxable income from the registered project, but not to exceed two (2) years from the date of registration.

For renewable energy (RE) projects, start of commercial operations shall refer to the state at which the RE Plant generated the first kilowatt-hour of energy after commissioning or testing, or two (2) months from the date of such commissioning or testing, whichever comes earlier, as certified by the DOE.

hh) **Storage** – refers to the business of receiving/discharging and storing petroleum crude and/or products of others for compensation or profit. Storage projects are limited to those establishing new facility, i.e., depot or storage tanks.

ii) **Trade books** – refer to books that are published for and sold to the general public which include non-fiction, novel, short fiction, essays, anthology, literary criticism, literary history, poetry, graphic literature, wordless graphic literature, translations, books on food, social sciences, professions, leisure, art, science, history, journalism, and language studies, and academic books for tertiary level such as thesis.

jj) **TSD (Treatment, Storage, and Disposal) Facilities** – refer to the facilities where hazardous wastes are stored, treated, recycled, reprocessed, or disposed of.

kk) **Value Creation**– refers to, for purposes of qualification under All Qualified Manufacturing Activities including Agro-Processing, the difference between the project's net sales and cost of raw materials. Net sales is the amount of sales generated by the project after deduction of returns, allowances for damaged or missing goods and any discounts allowed. The percent value creation of a project shall be computed as follows:

$$\% \text{ Value Creation} = \frac{\text{Net Sales} - \text{Cost of Raw Materials}}{\text{Net Sales}} \times 100$$

D. SPECIFIC GUIDELINES

I. PREFERRED ACTIVITIES

1. All Qualified Manufacturing Activities including Agro-Processing

This covers the manufacture of industrial goods and processing of agricultural and fishery products, including Halal and Kosher food, into (a) semi-finished/intermediate goods for use as inputs in the production of other goods, or (b) finished products or consumer goods for final consumption.

This also covers the manufacture of modular housing components and machinery and equipment including parts and components.

All projects for the manufacture of industrial goods and processing of agricultural and fishery products must utilize up-to-date and market-appropriate technology, and must comply with the Philippine National Standards (PNS), as applicable.

In addition, they must satisfy any of the following criteria to be qualified for registration:

1. Will manufacture/process products, the importation of which grew by an annual average of at least 10% from 2012-2016, or the share of imports to total apparent demand is at least 60%; or
2. The project's value creation is at least 50%, except for consumer durables and industrial products or their intermediate goods that should be at least 25%; or
3. Will manufacture/process products that will utilize new technology and/or world-class design; or
4. The project has a core capital equipment cost to direct labor ratio of not higher than \$28,000:1 worker at full capacity; or
5. Will adhere to Halal or Kosher standards for food manufacturing, as accredited by the PAB. Processing centers for the Halal industry to be located in the ARMM shall be registered with the RBOI-ARMM.

Cement projects that will qualify for registration must at least start from clinker production.

Qualified and registered enterprises for the manufacture of housing components must submit a valid Accreditation issued by the Accreditation of Innovative Technologies for Housing (AITECH) prior to each availment of ITH.

Except for modernization projects, only projects located outside Metro Manila may qualify for registration.

Modernization projects of sugar mills and/or refineries must have a resulting Overall Recovery Rate (ORR) performance of at least 85% and 94%, respectively. Application for registration must be accompanied by a certification from the Sugar Regulatory Administration of the applicant's ORR performance for the last five (5) years.

2. Agriculture, Fishery, and Forestry

This covers the commercial production of agricultural, fishery, and forestry products.

This also covers production of seeds and seedlings, and establishment of nurseries and hatcheries, and support services and infrastructures, such as, facilities for drying, cold chain storage, blast freezing, bulk handling, storage, and food irradiation; harvesting, plowing, and spraying/dusting; packing houses, trading centers, ice plants in Less Developed Areas, AAA Slaughterhouses, and AAA dressing plant.

Application for registration of agricultural and fishery production must be accompanied by an endorsement from the DA or Philippine Coconut Authority, whichever is applicable.

Application for registration of forest plantation in private lands must be accompanied by a copy of a Certificate of Tree Plantation Ownership issued by the Department of Environment and Natural Resources pursuant to DENR Memorandum Order No. 99-20.

Application for registration of food irradiation projects must be accompanied by a copy of Permit to Construct issued by the DOST-Philippine Nuclear Research Institute (PNRI). Prior to ITH availment, the registered enterprise must submit a copy of its License to Operate issued by the DOST-PNRI.

Except for modernization projects, only projects located outside Metro Manila may qualify for registration. Modernization projects include those for agricultural support services and infrastructure only.

3. Strategic Services

a. IC Design

This covers all logic & circuit design techniques required to design integrated circuits (ICs).

b. Creative Industries/Knowledge-Based Services

This covers IT-BPM services for the domestic market such as contact centers, artificial intelligence and data science/analytics services, back-office services, IT services, creative services, and other non-voice services.

This also covers services that involve original content such as animation, software development, game development, health information management systems, and engineering design.

This also covers digital or technological start-ups/activities. Startups refer to newly emerged, fast-growing, scalable business entity that aims to meet a marketplace need by developing or offering an innovative product, process or service and should have at least one (1) founder who is working full time.

Upgrading of existing or baseline skills/training program related to people, process, tools and technology to a higher level of certification or standards may qualify for registration as modernization project with entitlement to ITH equivalent to one hundred percent (100%) of the actual cost (including software/hardware and subscription requirement) of the new/upgraded training program reckoned one (1) year from the date of its implementation. The total ITH incentive, during the availment period, must not exceed 100% of the projected training expense as represented in the application for registration. Prior to ITH availment, the registered enterprise shall submit a certification issued by TESDA or other relevant organization or concerned industry association.

c. Maintenance, Repair, and Overhaul (MRO) of Aircraft

This covers the MRO of all types of aircraft.

d. Charging/Refueling Stations for Alternative Energy Vehicles

This covers the establishment of charging/refueling stations for alternative energy vehicles except LPG-run vehicles.

The charging stations could refer to a 'service station' designed to simultaneously fast-charge multiple vehicles similar to gasoline/diesel stations or a network of at least five (5) charging stands.

Application for registration must be accompanied by an endorsement from the DOE.

e. Industrial Waste Treatment

This covers the establishment of treatment facilities for toxic and hazardous wastes (THW) from an industrial operation.

The following are the qualifications for registration:

- Must involve treatment, storage and disposal (TSD);
- Must be capable of handling THW; and
- Must handle only locally generated industrial wastes.

Prior to start of commercial operation, the registered enterprise must submit a copy of its TSD Registration Certificate issued by the DENR.

f. Telecommunications

This covers the establishment of connectivity facilities for fixed and mobile broadband services. Fixed broadband services include the delivery of broadband services through wired, wireless, satellite and other technological methods. Wired services include cable wire, fiber optics, submarine cables or other means of similar material. Wireless services include reception of broadband services by mobile phones, personal computers, modems and access points, vehicular communications/electronic boxes, and other nomadic/portable/mobile devices.

Only new players may qualify for registration. "New players" are domestic players or enterprises which are not subsidiaries, affiliates or related parties of existing and operating telecommunications companies nor have incurred sales/revenues from the public on fixed or mobile broadband.

g. State-of-the-art Engineering, Procurement, and Construction

This covers engineering design, procurement, and construction for industrial plants and infrastructure.

Application for registration must be accompanied by an accreditation, or proof of application thereof, from the Philippine Contractors Accreditation Board. The final copy of Accreditation, if not yet available upon application, must be submitted prior to start of commercial operations.

4. Healthcare Services including Drug Rehabilitation Centers

This covers the establishment and operation of general and specialty hospitals, and other medical/healthcare facilities including drug rehabilitation centers.

Any of the following may qualify for registration:

1. General Hospitals (Levels 1, 2 and 3) in any of the locations listed in **Annex C-1**;
2. General Hospitals (Levels 2 and 3) in any of the locations listed in **Annex C-2**;
3. Specialty Hospitals located outside Metro Manila;
4. Other Medical/Healthcare facilities located outside Metro Manila, as follows:
 - a) Custodial Care facilities including geriatric care and drug rehabilitation centers;
 - b) Diagnostic/Therapeutic facilities (excluding Clinical Laboratory, Drug Testing Laboratory, Laboratory for Drinking Water Analysis); and

c) Specialized Out-Patient facilities (excluding In-Vitro Fertilization Center and Stem Cell facility).

Only revenues derived from medical and diagnostic services rendered by the registered entity shall be entitled to ITH. Income from lease/rent, and revenues from any other non-treatment related services will not be eligible for ITH.

Prior to start of commercial operation, the registered enterprise must submit the License to Operate/ Accreditation, whichever is applicable, issued by the Health Facilities and Services Regulatory Bureau (HFSRB) of the DOH.

Prior to availment of ITH, the registered enterprise must submit a copy of the Certificate of PhilHealth Accreditation, where applicable.

5. Mass Housing

This covers the development of mass housing units based on a price ceiling of Php2.0 Million.

This also covers in-city low-cost housing projects for lease.

Except for in-city low-cost housing for lease, only projects located outside Metro Manila may qualify for registration.

a. Economic and Low Cost Housing

The following are the qualifications for registration:

- (1) The selling price of each housing unit shall be more than Php450,000.00 but not exceeding Php2.0 million;
- (2) The project must be located outside Metro Manila;
- (3) Minimum of 20 livable dwelling units in a single site or building;
- (4) Must be new or expanding economic/low-cost housing project;
- (5) For residential condominium projects, at least 51% of the total gross floor area must be devoted to housing units.

In cases of un-incorporated joint venture and similar arrangements between landowner and developer wherein the sharing scheme is in terms of the number of lots or units built, only the share of the developer may qualify for registration.

Projects that have already been completed (with HLURB certificate of completion) and have incurred sales of any housing unit prior to the date of Contract to Sell shall not qualify for registration.

Any of the following may be considered as an expansion project:

- Construction of additional floors or annexes intended for housing units;
- If the project will locate adjacent or contiguous to an existing housing project owned by the same entity and shall share common facilities including access to the existing project.

All economic/low-cost housing projects must comply with the socialized housing requirement (SHR) by building socialized housing units in an area equivalent to at least 20% of the total registered project area or total BOI registered project cost for subdivision housing and 20% of the total floor area of qualified saleable housing units for residential condominium projects.

The SHR compliance may be any or a combination (i.e., cost recoverable and non-recoverable modes) of any of the following modes:

- Development of a new settlement directly undertaken by the registered entity or affiliate or other related enterprise of the BOI-registered entity;
- Development of a new settlement through joint venture arrangements with any of the following:
 - a. Social Housing Finance Corporation's (SHFC) Community Mortgage Program (CMP) or High Density Housing (HDH) for in-city, on-site, or near-city socialized housing developments;
 - b. Local Government Unit;
 - c. Developer or NGO accredited by the HLURB.

In the case of joint venture projects, the BOI-registered entity shall be required to provide proof of funds transferred or assessed value of the land, where applicable, to the implementing entity.

- Development of a new settlement through donation of land with basic infrastructure facilities (roads, water system, etc.) and/or construction materials (preferably locally produced) in partnership with relevant LGU, key shelter agency, or with BOI/HLURB-accredited NGO in any of the following:
 - a. Comprehensive rural community housing development with provisions for social services (e.g., education, healthcare, recreation/sports) and livelihood programs;
 - b. To benefit families in calamity-stricken or armed conflict areas as declared by relevant government agencies and/or endorsed by HUDCC that housing assistance is extremely needed in the area.

For residential condominium projects, the amount to be donated shall be equivalent to 30% of (20% of the building construction cost based on the actual number or equivalent total floor area of qualified saleable low cost housing units) or 40% of the estimated ITH. Equivalent total floor area refers to the sum total of the floor area of all the registered low-cost housing units.

For purposes of ITH availment, compliance with the 20%SHR shall be computed based on the actual units sold during the ITH availment period. Failure to submit proof of compliance shall result to forfeiture of ITH for that particular taxable period.

Non-compliance with the 20% SHR on previous registrations using the ITH-based Compliance (IBC) shall result in denial of applications for registration for succeeding projects.

Interest income arising from in-house financing shall not be entitled to ITH.

Application for registration must be accompanied by a copy of the Development Permit issued by HLURB or concerned LGU.

Prior to registration, subdivision project applicant must submit copies of License to Sell (LTS) and Certificate of Registration (CoR) issued by HLURB. For condominium projects, applicant may submit a copy of its temporary LTS provided that the copies of the final LTS and CoR shall be submitted prior to start of commercial operation.

b. In-City Low Cost Housing for Lease

This covers newly constructed, low to medium-rise and dormitory-type housing projects including those located in Metro Manila.

The following are the qualifications for registration:

- Minimum of 20 livable dwelling units for lease in a single building

- Within 4 kilometer radius from an economic zone, industrial parks/complex or business districts
- Monthly lease price shall not exceed the threshold of the Rent Control Law (R.A. No. 9653) covering all private residential units with monthly rent of Php10,000.00.

Only developers shall be entitled to ITH and as such, purchasers of housing units with the intention of leasing out shall not be qualified for registration.

Registered enterprise shall not be required to comply with the SHR.

6. Infrastructure and Logistics including LGU-PPPs

This covers the establishment and operation of physical infrastructures vital to the country's economic development and prosperity such as, but not limited to: airports, seaports, (air, land, and water) transport, LNG storage and regasification facilities, pipeline projects for oil and gas, bulk water treatment and supply, training facilities, testing laboratories, and domestic industrial zones.

This also covers PPP projects including those initiated and/or implemented by Local Government Units (LGUs).

a. Airports and seaports (includes RO-RO ports) for cargo and passenger

The qualification for registration of projects is based on the government's infrastructure development policy and other relevant plans.

Application for registration must be accompanied by an endorsement from the CAAP or the PPA, whichever is applicable.

b. Air, land and water transport

(1) Air Transport

This covers passenger and/or cargo air transport operation for commercial purposes.

Lease with option to purchase an aircraft may be allowed.

Application for registration must be accompanied by an endorsement from the CAB, when applicable. Such endorsement must contain information on the routes to be served.

Prior to start of commercial operation of each aircraft, the registered enterprise must submit a copy of the Certificate of Airworthiness issued by CAAP.

Only revenues derived from cargo air freight fares, passenger air fares, and revenues on refund, cancellation and rebooking fees shall be entitled to ITH. Incidental revenues such as those earned from excess baggage (including prepaid baggage), seat selector options, merchandise sales such as sale of meals/beverages, souvenirs, travel related products and other commodities, package tours and other incidental revenues, as may be determined by the Board, shall not be entitled to ITH.

(2) Land Mass Transport

This covers mass transport using brand new buses that run on electric batteries, and/or compressed or liquefied natural gas; as well as public utility vehicles (PUVs) as defined by DOTr, LTFRB and LTO as part of the PUV Modernization Program of the government.

Projects must have its own terminal and garage that can accommodate all the buses under its franchise(s).

Application for registration must be accompanied by a copy of the application for franchise with the LTFRB.

Prior to start of commercial operation, the registered enterprise must submit a copy of its original LTFRB Franchise Verification with Original Receipt.

(3) Water Transport

This covers domestic/inter-island shipping, i.e., pure cargo, passenger, and passenger-cargo vessel operations including RORO/ROPax/Ferry Terminal System operations and overseas shipping.

Tankers, high-speed craft, RORO vessels serving primary routes and passenger/cargo vessels having a gross weight of 150 GT and above may qualify for registration.

Small passenger vessels such as ferry boats serving small islands/inland water/missionary routes, as endorsed by MARINA, may also qualify for registration.

For overseas shipping, the following are the qualifications for registration:

- Must be a Philippine shipping enterprise accredited with the MARINA;
- Vessel must be registered and operated under the Philippine Flag; and
- Vessels must be at least 1,000 GT.

Application for registration must be accompanied by an endorsement of the project and proof of accreditation of the shipping enterprise by MARINA.

Prior to start of commercial operation, the registered enterprise must submit copy of Certificate of Public Convenience (CPC), when applicable, copy of the vessel's Class and Statutory Certificate, and proof that the vessel is registered with MARINA.

Upgrading of skills of crew complement of passenger vessels to international standards may qualify for registration as modernization project with entitlement to ITH equivalent to one hundred percent (100%) of the actual cost of training reckoned from the date of its implementation. The total ITH incentive, during the availment period, must not exceed 100% of the projected training expense as represented in the application for registration. Prior to ITH availment, the registered enterprise shall submit a certification from an international body [e.g., Maritime Labor Convention (MLC), International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW), International Convention for the Prevention of Pollution from Ships (MARPOL) and international Convention for the Safety of Life at Sea (SOLAS)] or other relevant organization or concerned industry association.

(4) Mass Rail

This covers mass rail transport system for passengers and cargoes in line with the transport development plans and programs of the DOTR and the DOST, where applicable.

c. LNG Storage and Regasification Facility

This covers the establishment and operation of natural gas storage and regasification facilities in accordance with relevant Philippine National Standards.

LNG gasification plants may be located on land and/or on floating barges.

The following are the qualifications for registration:

- Must have new facilities;
- Must cater to power plants, industrial plants, commercial establishments, etc.; and
- Must cater to at least one (1) clientele, other than the proponent's own business.

The registered enterprise must submit a copy of its Permit to Operate issued by the DOE prior to start of commercial operations.

d. Pipeline for Oil and Gas

This covers the establishment of a new pipeline facility for transport of petroleum products and natural gas, petrochemical and similar products.

Prior to start of commercial operation, the registered enterprise must submit a copy of its Permit to Operate issued by the DOE.

e. Bulk Water Treatment and Supply

Bulk water supply projects must involve extraction of water from its natural source, except shallow and deep wells, and water treatment for commercial purposes. Water supply projects with source from ground water may only be allowed if granted water permit by the National Water Resources Board. The water treatment facility shall cover the minimum basic process flow of a treatment plant (i.e., screening, mixing, flocculation, sedimentation, filtration and chlorination) with capacity sufficient to handle the volume of raw water to be supplied to its target service area.

Only new bulk water treatment and supply projects may qualify for registration. Supply of bulk water (or distribution) should include extraction of water, treatment and installation of transmission and distribution lines to customers and flow metering systems. Treated water should be in accordance with the Philippine National Standards for Drinking Water.

Projects involving any of the foregoing areas of water operations dedicated to a particular industrial estate, industrial community, or subdivision are not qualified for registration.

Application for registration must be accompanied by a copy of Water Permit or Conditional Water Permit.

Prior to start of commercial operations, the registered enterprise must submit a copy of the Water Permit and if applicable, a copy of Certificate of Public Convenience (CPC).

Applications covering both supply and distribution projects shall be unbundled showing the revenue and cost structure of each.

f. Training/Learning Facilities

This covers the establishment and operation of training and learning facilities specializing in developing skills in technical, vocational education and training (e.g., engineering, IC design, IT-BPM, maritime, culinary arts, etc.) in support of the activities listed in this IPP.

The following are the requirements for registration:

- The curriculum must be approved by either TESDA for training courses or CHED for degree courses or other concerned government agencies/authority and/or endorsed by the relevant industry association; and
- The registered education/training/learning institutions must have laboratory/s, equipment and tools for training.

g. Testing Laboratories

Application for registration must be accompanied by an endorsement from the DOST, or other concerned government agencies/authorities.

Prior to start of commercial operation, the registered enterprise must submit proof of accreditation from the PAB.

h. Domestic Industrial Zones

This covers development of domestic industrial zones outside Metro Manila with a minimum required area of twenty (20) hectares of contiguous land, with core infrastructure/facilities such as paved roads, power system, water supply, drainage system, pollution control devices and communication facilities, and with at least five (5) locators.

The industrial zone must conform with the land use regulation in specific areas where it will be located as determined/required by the LGU, HLURB and the DAR.

The development of the industrial zone must be completed within a maximum period of three (3) years from the date of registration of the project.

i. PPP Projects

This covers projects implemented under Republic Act No. 6957, as amended by Republic Act No. 7718 (Amended Build-Operate-and-Transfer Law) including those initiated and/or implemented by LGUs.

Application for registration must be accompanied by an endorsement from the PPP Center, where applicable.

j. Tollways

This covers the development and/or operation of tollways.

For projects that will involve the development and operation of tollways to be undertaken by separate entities, both the developer and operator may qualify for registration. However, the developer may be entitled only to incentive on capital equipment directly needed for the operation of the tollways.

Application for registration must be accompanied by an endorsement from the TRB.

7. Innovation Drivers

a. Research and Development

This covers all research and development (R&D) activities and establishment and operation of facilities for the conduct of clinical trials including drug trials (e.g., Contract Research Organization or CRO).

The registered CRO must submit a copy of Permit to conduct clinical trial from Food and Drug Administration before the conduct of each clinical trial.

b. Centers of Excellence (COE)

This covers the establishment of institutions specializing in technical education and training in various disciplines in Centers of Excellence or Centers of Development.

Application for registration must be accompanied by an endorsement from CHED or other concerned government agencies.

c. Innovation Centers, Business Incubation Hubs, Fabrication Laboratories (FabLabs)/Co-working Spaces.

This covers support services and infrastructures for MSMEs through the use of office space, machinery and equipment, and/or provision of technical/business counseling assistance.

Innovation Centers are communities of industry entrepreneurs and academic researchers, as well as mandated government agencies such as the DOST-Technology Application and Promotion Institute working in partnership in finding breakthroughs and alternative solutions to address current industry challenges.

Business Incubator Hubs assist entrepreneurs and startup companies develop a repeatable and scalable business model by providing infrastructure and services. A business incubator hub must have the following facilities: office space, internet access, business meeting/conference room, training room, and storage room. It should also provide the following services:

- Technical Assistance (e.g., industry-based workshops, grant proposal writing, etc.);
- Intellectual Property (IP) management and legal counseling services;
- Business development and marketing assistance; and
- Administrative services.

FabLabs are computer-based innovation, design and fabrication workshops with the aim of developing or building models of new products and prototypes with at least the following computer-based tools and equipment:

- Rapid Prototyper or 3D Printer;
- Industrial Cutters (e.g., Universal Laser System Cutter or Plasma Cutters);
- Milling Machines (e.g., Computer Numerical Control machines or Printed circuit board milling/etching machine);
- Design/Modeling software.

Revenues entitled to ITH include rental of office space and/or equipment, membership fees, counseling fee, and other related revenues.

d. Commercialization of New and Emerging Technologies

This covers the commercialization of new and emerging technologies and products of DOST or government-funded R&D, such as, but not limited to:

- **Agricultural biotechnology tools** – use of living systems and organisms to develop or make products with special characteristics that make them better than their traditional counterparts. These products are modified to contain traits such as: 1) insect resistance; 2) disease resistance; 3) herbicide tolerance; 4) altered nutritional profile; and 5) enhanced storage life, among others.
- **Disaster mitigation/prevention hardware or software** – multi-natural hazard observation/monitoring and mapping, early warning and communication systems, remote sensing and high performance computing hardware, and image processing, mapping, simulating modeling and forecasting software.
- **Hardware or software for increasing agricultural productivity** – use of agricultural tools, machinery and other durable equipment covering all levels of farming and

processing, from simple and basic hand tools to more sophisticated and motorized equipment to increase farm productivity. The software includes programs and operating systems that may be used to increase agricultural productivity (e.g., crop modeling).

- **Mechanized means for natural resources conservation** – use of labor-saving inventions for the conservation of natural resources. Examples include the use of helicopters in direct seeding for reforestation and use of mechanized means of gathering information such as drones, robotics (remotely-operated underwater vehicle) and drop cameras for fish visual census and deep-water research.
- **Portable technologies** – innovation on existing bulky or heavy device to make it portable, or a new device or service that can be brought virtually anywhere.
- **Hardware or software for the prevention of disease outbreaks** – any hardware (e.g., high performance computing systems, data storage systems, servers, cloud computing devices) or software (e.g., predictive models) that would aid in public health surveillance and predict and prevent a disease outbreak; may also involve methods for early and accurate diagnosis of diseases even before symptoms are developed (e.g., big-data analysis based on genomic sequences).
- **Remote monitoring devices or systems** – acquisition of information about an object or phenomenon without making physical contact with the object either using active or passive sensors; includes the use of satellite-based or aircraft-based sensor technologies, but not limited to the use of ground-based and ship-based instruments or even use of unmanned aerial vehicle/systems to detect and classify objects on earth.
- **Professional services for remote sensing** – professionals or experts that can interpret, process and analyze many types of aerial photographs, satellite images and other remote sensing data, but not limited to geographers, cartographers, physical scientists, computer scientists, GIS and RS analysis, surveyors, photogrammetrists, image analysts, or other professionals that have knowledge and expertise related to geospatial and mapping.
- **Hardware or software for the upgrading of local industries** – technologies that are low-cost, robust and locally-designed and developed to be served as industry-centric across fields such as renewable energy, intelligent transportation system, service robots, smart biomedical devices, educational tools, public safety and security, business processes, advanced communications and entertainment, etc.
- **Photonics** – the science and technology of generating, controlling, and detecting photons, which are particles of light. It underpins technologies of daily life from smartphones to laptops to the internet to medical instruments to lighting technology.
- **Nanotechnology** – the convergence of science, technology and engineering with the unifying characteristics being that the observation, characterization, design and controlled fabrication of materials and devise are at the scale of 1-100 nanometers. It represents more than a reduction in size, it entails new properties and functions not present in larger dimensions of the material.
- **Natural health products** – products that contain plants as active ingredients, which could be (a) herbal medicines, or (b) traditionally used herbal products, and both conforming to regulatory standards and having proper FDA clearance prior to marketing and distribution. The manufacturer/distribution company should have a License to Operate issued by the FDA.

Application for registration must be accompanied by a Fairness Opinion Report (FOR) from an independent third party body composed of experts from public and private sectors as may be determined by the DOST or other concerned agency, where applicable. Details on the contents of FOR are specified in Article III, Sections 7 and 8 of R.A. No. 10055, known as The Philippine Technology Transfer Act of 2009.

8. Inclusive Business Models

This covers business activities of medium and large enterprises (MLEs) in the agribusiness and tourism sectors that provide business opportunities to micro and small enterprises (MSEs) as part of their value chains.

Inclusive Business (IB) projects may qualify for Pioneer status with entitlement to five (5) years of income tax holiday, subject to Section 16, Rule VI of the IRR of E.O. No. 226.

A qualified agribusiness and tourism project may opt to undertake IB models by submitting duly notarized IB plan in the required BOI format upon application for registration which includes targets and timetable for implementation based on the following:

- Qualified agribusiness enterprises shall target and accomplish all of the following within three (3) years of commercial operation:
 - At least 25% value of total cost of goods sold (COGS) are sourced from registered and/or recognized MSEs (includes cooperatives, or any organized entity duly recognized by a government body) as evidenced by a duly notarized contract;
 - At least 300 farmers/fisherfolk/suppliers/individual beneficiaries engaged, of which, at least 30% are women; and
 - At least 20% increase in average income of individuals engaged from MSEs, cooperatives or any organized entity duly recognized by a government body from the baseline year⁴ to 3rd year of actual operation.

In addition, the enterprise must exhibit innovation in the business model through any of the following:

- Provision of technical assistance/capacity building to MSEs and/or individual farmers and fisherfolk that increases productivity and/or quality; or
- Facilitation of access to finance either directly or provides linkages to sources of financing through a third party (i.e., provision of collateral by the company, direct lending, through a subsidiary, or third party financing disbursed directly to the client or through the company); or
- Provision of inputs and/or technology to MSEs and/or individual farmers and fisherfolk that would increase productivity or improve product quality.

- Qualified tourism enterprises shall target and accomplish all of the following within three (3) years of commercial operation:
 - At least 25% of total cost of goods/services sold are sourced from MSEs (includes cooperatives, or any organized entity duly recognized by a government body);
 - At least 25 direct jobs (regular employment) generated for individuals in the identified databases (e.g., DSWD Conditional Cash Transfer Graduates, DAR Agrarian Reform Beneficiaries, NCIP List, PWD, and others⁵) of which, at least 30% are women;
 - At least 20% increase in average income of individuals engaged from MSEs, cooperatives or organized entity duly recognized by a government body from the baseline year⁴ to 3rd year of actual operation.

⁴ Baseline year refers to the year upon filing for application for registration for new projects or request for upgrading to pioneer status for existing projects.

⁵ As may be approved by the Board.

In addition, the enterprise must exhibit innovation in the business model through any of the following:

- Provision of technical assistance/capacity building to MSEs and/or the direct jobs generated that increases productivity/quality or addresses specific knowledge gaps needed for the job; or
- Facilitation of access to finance either directly or through a third party (i.e., provision of collateral by the company, direct lending, through a subsidiary, or third party financing disbursed directly to the client or through the company).

A BOI-registered New project engaged in agribusiness or tourism activity may qualify for upgrade to pioneer status under Art. 17(3) of E.O. No. 226 and be entitled to another year of ITH⁶ if it intends to undertake IB model, provided that:

- The registered project has yet to avail of the ITH or is within its first three (3) years of ITH entitlement period at the time of the registered enterprise's filing with the Board of a request for upgrade to pioneer status;
- The registered enterprise has filed the request for upgrade to pioneer status including a duly notarized IB Plan in the required BOI format within 12 months from the effectivity of this Guidelines; and
- The registered enterprise will accomplish/has accomplished the requirements for IB model enumerated in the above criteria relevant to its activity.

9. Environment or Climate Change-Related Projects

This covers manufacture/assembly of goods and the establishment of energy efficiency-related facilities where either utilization of which would significantly lead to either the efficient use of energy, natural resources or raw materials; minimize/prevent pollution; or reduce greenhouse gas emissions.

This also covers green ship recycling based on international standards, and the establishment of privately-owned materials recovery facility.

Application for registration of green ship recycling projects must be accompanied by an endorsement from MARINA stating that the project will comply with the requirements of the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships including the preparation of a Ship Recycling Facility Plan and the Technical Guidelines for the Environmentally Sound Management of the Full and Partial Dismantling of Ships.

Application for registration of privately-owned Materials Recovery Facility (MRF) must be accompanied by an endorsement from the National Solid Waste Management Commission. MRF refers to a facility that could be a solid waste transfer/sorting station, or drop-off center, with composting and/or recycling activities which utilizes 100% locally-generated wastes. Stand-alone recycling or composting projects shall be covered under the listing All Qualified Manufacturing including Agro-Processing.

10. Energy

This covers power generation projects utilizing conventional fuels (i.e., coal, diesel, bunker, natural gas, and geothermal), waste heat and other wastes, and the establishment of battery energy storage systems.

Coal-fired power plants must utilize at least the supercritical boiler technology or its equivalent in terms of emissions. Modernization of coal-fired power plants that will convert to at least a

⁶ Without prejudice to applying for the ITH Bonus Year subject to compliance with the criteria set by the Board as shown in VI.C (Availment of ITH Bonus Year) under the General Policies of this Guidelines.

supercritical boiler technology or its equivalent in terms of emissions including its turbine or generator may qualify for registration.

To qualify for registration, diesel and bunker-fired power projects shall be integrated with renewable energy (hybrid power systems) or providing ancillary power services as contingency reserve.

Revenues from sales of electricity sourced from the Wholesale Electricity Spot Market (WESM) shall not be entitled to ITH.

Within two (2) years from the date of registration, projects with loan components in their financing scheme must have achieved financial close. Failure to achieve financial close shall result to the cancellation of the firm's registration, unless it can be shown that the enterprise has made substantial investment or progress in the project. As evidence of financial close, the enterprise shall submit a certification, in a form and substance satisfactory to BOI, issued and addressed by the lenders to BOI confirming the financial agreements are in full force and in effect.

Projects should utilize energy sources adopting environmentally-friendly technologies that comply with the Clean Air Act, the Environmental Impact System law, the Biofuels Act, where applicable, and other relevant environmental laws.

Application for registration must be accompanied by an endorsement from the DOE.

II. EXPORT ACTIVITIES

1. Production and Manufacture of Export Products

This covers the production/manufacture of non-traditional export products and with export requirement of at least 50% of its output, if Filipino-owned or at least 70%, if foreign-owned.

In the export of mineral products, the Specific Guidelines for R.A. No. 7942 of this IPP shall apply suppletorily.

2. Services Exports⁷

This covers service activities rendered to clients abroad and paid for in foreign currency with export requirement of at least 50% of its revenue, if Filipino-owned or at least 70%, if foreign-owned.

This also covers non-voice business processing operations such as administrative and business services including analytics, data management, engineering and architectural services.

Mere deployment of people or individual practice of profession abroad is not qualified for registration.

For contact centers, project must have a minimum investment cost of the Philippine Peso equivalent of US\$2,500 per seat to qualify for registration. This amount covers the cost of equipment (hardware and software), office furniture and fixture, building improvements and renovation, and other fixed assets except land, building and working capital. If equipment used were leased, the same should be converted to assets in terms of commercial interest rates

⁷ Contact centers and non-voice business processing activities that will be located in Metro Manila may no longer be qualified for incentives availment with the Board of Investments under Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987, as amended, by year 2020.

and amortized over a five-year period. If equipment were consigned, the same should have an assigned value to be considered as part of the project cost.

For IT-BPM, upgrading of existing or baseline skills/training program related to people, process, tools and technology to a higher level of certification or standards may qualify for registration as modernization project subject to the conditions and requirements as specified under the listing Creative Industries/Knowledge-Based Services.

3. Activities in Support of Exporters

This covers activities directly supporting export producers as follows:

- a. Manufacture of parts/components and materials and supplies directly/ reasonably needed in the production of the export product;
- b. Services rendered to II.1 and II.2 above;
- c. Product testing and inspection;
- d. Repair and maintenance; and
- e. Logistics services.

This also covers service providers to foreign film and television production projects in the country as endorsed by the Philippine Film Export Services Office (PFESO) as mandated by E.O. No. 674.

III. Special Laws

1. Industrial Tree Plantation (P.D. No. 705)⁸

This covers extensive plantation of timber, non-timber species and fruit trees for commercial and industrial purposes.

In cases of tree plantations that are joint venture agreements with other private entities, community organizations or government entities, only the share of the registered enterprise may be entitled to ITH.

Application for registration must be accompanied by an endorsement from the DENR.

2. Exploration, Mining, Quarrying and Processing of Minerals (R.A. No. 7942) (limited to capital equipment incentives)

This covers the exploration and development of mineral resources, mining/quarrying and processing of metallic and non-metallic minerals.

The following may qualify for registration with incentives limited to capital equipment:

- a. Exploration of mineral resources;
- b. Processing of metallic and non-metallic minerals to produce semi-processed mineral products, e.g., metallic ore concentrate, whether or not integrated with mining/quarrying operations.

Production of pure metals, whether or not integrated with mining operations, shall be covered under the listing All Qualified Manufacturing Activities including Agro-Processing.

Mere mining/quarrying or even those with minimal processing (e.g., crushing, grinding, screening, drying, etc.) shall not qualify for registration.

⁸ Industrial Tree Plantation (ITP) is also known as Industrial Forest Plantation (IFP) based on DENR Administrative Order No. 1999-53.

Application for registration must be accompanied by a copy of the Exploration Permit, Mineral Production Sharing Agreement (MPSA), Financial or Technical Assistance Agreement (FTAA) or Quarry Permit, whichever is applicable.

3. Publication or Printing of Books/Textbooks (R.A. No. 8047)

This covers content development intended for books and publication of books in print or digital format.

The following may qualify as new:

- New book titles (original works, and original text with annotations, with ISBN), and
- First format by which the new book title will be produced or published. The succeeding format (e.g., print to digital, or vice versa) by which the same title is published will be regarded as "Expansion."

Re-prints, revisions, and succeeding editions of existing titles will not qualify for registration.

For publishing, the following will apply:

- A minimum of 3 titles with 500 copies each for its first print run, in case of trade books;
- A minimum of 3 titles with 1,000 copies each for its first print run, in case of printed textbooks; and
- A minimum of 3 titles each, in case of e-books.

Application for registration must be accompanied by an endorsement from the National Book Development Board.

4. Refining, Storage, Marketing, and Distribution of Petroleum Products (R.A. No. 8479)

This covers refining, storage, distribution, and marketing of petroleum products.

For gasoline retailing stations, except those locating in LDAs listed in this IPP, the applicant shall be required to invest a minimum capital of Php10 million per station, excluding land, or such amount as may be determined jointly by BOI and DOE for augmentation purposes, as the need arises; Provided, that foreign retailers shall comply with the requirements provided under R.A. No. 8762, otherwise known as the Retail Trade Liberalization Law, and its implementing rules and regulations.

For storage, marketing and distribution, only investments of new industry participants may be entitled to incentives.

Application for registration must be accompanied by an endorsement from the DOE certifying that the applicant is a new industry participant with new investments.

For storage, marketing and distribution, petroleum products excluding liquefied petroleum gas (LPG), shall be sourced from the new industry participants as defined under R.A. No. 8479, except in cases of emergency supply situation.

For projects that involve more than one activity, i.e., storage, marketing and distribution, each must be unbundled showing the revenue streams and costs for each activity.

Blending of petroleum products alone may only be entitled to capital equipment and other non-fiscal incentives.

Applicant enterprises shall elect to be governed by the provisions of E.O. No. 226 or R.A. No. 8479 at the time of their application for registration, provided that such election once made shall be final.

5. Rehabilitation, Self-Development and Self-Reliance of Persons with Disability (R.A. No. 7277)

This covers the manufacture of technical aids and appliances for the use and/or rehabilitation of persons with disability, and the establishment of special schools, day care centers, homes, residential communities or retirement villages solely to suit the needs and requirements of persons with disability.

Manufacturing of technical aids and appliances used by persons with disability includes but is not limited to the following:

- Walk-in baths designed for persons with disabilities;
- Commode chairs;
- Braille books;
- Hoists and lifting chairs designed for incapacitated people, including stair lifts;
- Wheelchairs, scooters and automobiles using special controls or assistive technology designed for persons with disabilities;
- Hearing-aids;
- Artificial limbs, orthotics, prosthetics and orthopedic braces;
- Automatic/mechanical lifts to be attached to motor vehicle.

Application for registration must be accompanied by an endorsement from the DSWD.

6. Renewable Energy (R.A. No. 9513)

This covers developers of renewable energy facilities, including hybrid systems. This also covers manufacturers, fabricators and suppliers of locally-produced renewable energy (RE) equipment and components.

Application for registration must be accompanied by a copy of the DOE Certificate of Registration, Certificate of Accreditation or DOE endorsement, whichever is applicable.

Applicant enterprises shall elect to be governed by the provisions of E.O. No. 226 or R.A. No. 9513 at the time of their application for registration.

7. Tourism (R.A. No. 9593)

This covers tourism enterprises that are outside the tourism enterprise zones (TEZs) and are engaged in the following:

- a. Tourist transport services whether for land, sea and air transport for tourist use;
- b. Establishment and operation of:
 - Accommodation establishments: hotel, resort, apartment hotel/serviced residences, guest accommodation, eco-lodge and homestay;
 - Convention and exhibition facilities or "meetings, incentives, conventions and exhibition" (MICE) facilities;
 - Amusement parks;
 - Adventure and eco-tourism facilities;
 - Sports facilities and recreational centers;
 - Theme parks;
 - Health and wellness facilities such as but not limited to spas;
 - Farm tourism; and
 - Tourism training centers and institutes.
- c. Development of retirement villages;
- d. Restoration/ preservation and operation of historical shrines, landmarks and structures.

(1) Tourist transport

This covers transport services whether for land, water and air transport for tourist use.

(a) Land transport covers the operation of brand new, world-class buses and/or mini-buses/coasters, vans, luxury sedans, air-conditioned jeepneys and/or hop-on-hop-off transportation service.

A minimum of three (3) units are required to be qualified for registration.

(b) Water transport covers any watercraft catering to tourists.

(c) Air transport covers any air conveyance catering to tourists.

(2) Tourism-related facilities

(a) Accommodation facilities

This covers hotel, resort, apartment hotel, guest accommodation, eco-lodge, and homestay catering to tourists/guests to qualify for registration.

For apartment hotel/serviced residences, each unit must have a fully equipped kitchen and laundry facilities.

Income arising from gaming and mall operations are not qualified for ITH.

For modernization projects, replacement of carpets, pillows, mattresses and other similar items shall be excluded from the computation of the ITH rate of exemption.

Accommodation establishments locating in Boracay Island shall not be entitled to ITH.

Only income directly attributable to revenue generated from the tourism accommodation operations, specifically from room accommodation and income from food and beverage outlets within the facility owned by the registered enterprise shall be qualified for ITH.

(b) Tourism Training Centers and Institutes

The following are the requirements for registration:

- The curriculum must be endorsed by the appropriate industry association and approved by either the TESDA for technical-vocational training courses or CHED for degree courses or other concerned government agencies/authority.
- The registered education / training / learning institutions must provide training laboratories / On-the-Job facilities and equipment.

Application for registration of activities engaged in tourist transport, accommodation facilities, MICE facilities, amusement parks, adventure and eco-tourism facilities, sports facilities and recreational centers, theme parks, and tourism training centers and institutes must be accompanied by an endorsement from the DOT.

Prior to ITH availment, the registered enterprise must submit a copy of DOT accreditation.

Only income derived from tourism-related activities shall be entitled to ITH.

(c) Health and Wellness

This covers the establishment and operation of destination spa, resort/hotel spa, therapeutic centers and traditional healing centers that use Philippine "hilot", "dagdagay", "ventossa", etc.

The modality used for the services involving spa, therapeutic and traditional healing centers must fall within the acceptable traditional and complementary medicine (T&CM) under the Philippine Institute of Traditional and Alternative Health Care (PITAHC) Guidelines (PITAHC Circular No. 01, Series of 2016, National Certification of Hilot Practitioners and Accreditation of Hilot Training Centers and Hilot Healing Centers.

The application for registration of these activities shall be accompanied by an endorsement from PITAHC.

(3) Retirement Village

This covers the development and operation of a retirement community or a complex of residential units or a number of separate complexes of residential units on common but bounded land suitable for development that will ensure safe, secure, healthful and environmentally-sound community life with prescribed carrying capacities of facilities and activities such as but not limited to accommodation, food, play & recreation, health & wellness, entertainment & culture services, security and other amenities/facilities and must have a 24-hour operating medical/healthcare facility staffed with qualified healthcare personnel, and provided with roads, power and water supply systems, drainage and sewerage systems and other infrastructures.

Revenues generated from the development and operation of the retirement community shall be limited to sale or rent of residential units to be entitled to ITH. Revenues derived from sources other than purchase or rent of residential unit shall not be entitled to ITH.

Locators engaged in the activities listed in the IPP that are related to retirement business may be registered as separate activities.

Application for registration must be accompanied by an endorsement from the DOT. Prior to ITH availment, the registered enterprise must submit copy of the DOT accreditation.

(4) Restoration/ preservation and operation of historical shrines, landmarks and structures.

This covers the conservation, restoration, preservation, and operation of national sites or properties.

Projects undertaking the conservation and preservation, restoration or maintenance of historico-cultural heritage that includes any of the following may qualify for registration:

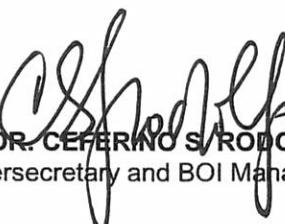
- (a) National shrines, monuments, landmarks and heritage houses of historical significance;
- (b) Local historical sites/properties classified, identified, and listed in the National Registry of Historic Structures; and
- (c) Cultural properties, treasures and/or artifacts.

Application for registration must be accompanied by an endorsement from the National Historical Commission of the Philippines (NHCP) for activities under (a) and (b), and the National Museum for activities under (c).

These General Policies and Specific Guidelines shall take effect immediately upon publication in a newspaper of general circulation, and three (3) copies thereof shall be filed with the Office of the National Administrative Register (ONAR), University of the Philippines (UP) Law Center, Diliman, Quezon City pursuant to Presidential Memorandum Circular No. 11 dated 09 October 1992.

DONE, in the City of Makati, this 14th day of June, in the year of the Lord, Two Thousand and Seventeen.

By the Authority of the Board:


DR. CEFERINO S. RODOLFO
DTI Undersecretary and BOI Managing Head

ANNEX A

LIST OF LESS DEVELOPED AREAS (LDAs)

Province	Municipality/City	
ABRA	Boliney	Luba
	Bucay	Malibcong
	Bucloc	Manabo
	Daguioman	Peñarrubia
	Danglas	Pidigan
	Dolores	Pilar
	La Paz	Sallapadan
	Lacub	San Isidro
	Lagangilang	San Juan
	Lagayan	San Quintin
	Langiden	Tayum
	Licuan-baay (Licuan)	Villaviciosa
AGUSAN DEL NORTE	Remedios T. Romualdez	
AKLAN	Altavas	Madalag
	Balete	Makato
	Banga	Malay
	Batan	Malinao
	Buruanga	Nabas
	Ibajay	New Washington
	Kalibo	Numancia
	Lezo	Tangalan
	Libacao	
ANTIQUE	Barbaza	Pandan
	Belison	Patnongan
	Bugasong	San Remigio
	Caluya	Sebaste
	Culasi	Tibiao
	Laua-an	Valderrama
	Libertad	
BATANES	Basco	Mahatao
	Itbayat	Sabtang
	Ivana	Uyugan
BATANGAS	Balete	Santa Teresita
	San Nicolas	Tingloy
BENGUET	Sablan	Tublay
BILIRAN	Almeria	Culaba
	Biliran	Kawayan
	Cabucgayan	Maripipi
	Caibiran	Naval
BOHOL	Alburquerque	Dagohoy
	Anda	Lila
	Batuan	Loay
	Clarin	San Isidro
	Corella	Sevilla
	Cortes	Sikatuna
CAGAYAN	Rizal	Santa Praxedes
CAMARINES NORTE	San Vicente	

Province	Municipality/City	
CAMARINES SUR	Bombon	Camaligan
	Cabusao	Gainza
CAMIGUIN	Catarman	Mahinog
	Guinsiliban	Sagay
CAPIZ	Cuartero	Panit-an
	Dao	Pilar
	Dumalag	Pontevedra
	Dumarao	President Roxas
	Ivisan	Roxas City
	Jamindan	Sapi-an
	Ma-ayon	Sigma
	Mambusao	Tapaz
	Panay	
CATANDUANES	Bagamanoc	Gigmoto
	Baras	Panganiban (Payo)
	Bato	San Miguel
CAVITE	General Emilio Aguinaldo	
CEBU	Alcantara	Poro
	Alcoy	Ronda
	Bantayan	Samboan
	Bogo City	San Francisco
	Boljoon	San Remigio
	Borbon	Santa Fe
	Daanbantayan	Sogod
	Ginatilan	Tabogon
	Madridejos	Tabuelan
	Malabuyoc	Tuburan
	Medlin	Tudela
	Pilar	
DAVAO DEL NORTE	San Isidro	
DINAGAT ISLANDS	Dinagat	Loreto
	Libjo (Albor)	Tubajon
EASTERN SAMAR	Balangiga	Llorente
	Balangkayan	Maslog
	General Macarthur	Maydolong
	Giporlos	Mercedes
	Guiuan	Quinapondan
	Hernani	Salcedo
	Jipapad	San Julian
	Lawaan	San Policarpio
GUIMARAS	San Lorenzo	
IFUGAO	Asipulo	Hingyon
ILOCOS NORTE	Adams	
ILOCOS SUR	Gregorio del Pilar (Concepcion)	San Vicente
	Lididda	Santa Catalina
	Nagbukel	Sigay
	San Esteban	Sugpon
	San Ildefonso	
ILOILO	Ajuy	Dumangas
	Alimodian	Estancia

Province	Municipality/City	
	Anilao	Janiuay
	Badiangan	Lambunao
	Balasan	Lemery
	Banate	Maasin
	Barotac Nuevo	Mina
	Barotac Viejo	New Lucena
	Batad	Passi City
	Bingawan	Pototan
	Cabatuan	San Dionisio
	Calinog	San Enrique
	Carles	San Rafael
	Concepcion	Sara
	Dingle	Zarraga
	Dueñas	
ISABELA	Luna	San Isidro
KALINGA	Pasil	
LA UNION	Bagulin	Pugo
	Burgos	
LAGUNA	Famy	Pakil
	Mabitac	Rizal
LANAO DEL NORTE	Kauswagan	Salvador
	Linamon	Sapad
	Magsaysay	Tagoloan
	Matungao	Tangcal
	Pantar	
LANAO DEL SUR	Bayang	Pagayawan (Tatarikan)
	Butig	Pualas
	Calanogas	Sultan Dumalondong
	Lumbatan	Tamparan
	Masiu	Tugaya
LEYTE	Abuyog	Macarthur
	Alang-Alang	Mahaplag
	Albuera	Matag-ob
	Barugo	Mayorga
	Batbangon	Merida
	Baybay City	Ormoc City
	Burauen	Palo
	Calubian	Palompon
	Capoocan	Pastrana
	Carigara	San Isidro
	Dagami	San Miguel
	Dulag	Santa Fe
	Hindang	Tabango
	Isabel	Tabontabon
	Jaro	Tacloban City
	Javier (Bugho)	Tanauan
	Julita	Tolosa
	Kananga	Tunga
	La Paz	Villaba
	Leyte (town)	
MAGUINDANAO	Datu Unsay	Northern Kabuntalan

Province	Municipality/City	
	Kabuntalan (Tumbao)	Sultan Mastura
	Mamasapano	
MASBATE	Balud	Esperanza
	Batuan	San Fernando
	Baliangao	Sapang Dalaga
MISAMIS OCCIDENTAL	Concepcion	Sinacaban
	Panaon	
	Balingoan	Lagonglong
MISAMIS ORIENTAL	Binuangan	Libertad
	Gitagum	Sugbongcogon
	Kinoguitan	
MOUNTAIN PROVINCE	Barlig	Sadanga
	Besao	Sagada
	Sabangan	
NEGROS OCCIDENTAL ⁹	Cadiz City	Sagay City
	Enrique B. Magalona	Silay City
	Escalante City	Victorias City
	Manapla	
NEGROS ORIENTAL	San Jose	
NORTHERN SAMAR	Allen	Rosario
	Biri	San Antonio
	Capul	San Jose
	Lapinig	San Vicente
	Mapanas	Victoria
NUEVA ECIJA	Nampicuan	Palayan City
NUEVA VIZCAYA	Ambaguio	Villaverde
OCCIDENTAL MINDORO	Looc	
PALAWAN	Agutaya	Culion
	Busuanga	Cuyo
	Cagayancillo	Linapacan
	Coron	Magsaysay
PANGASINAN	Santo Tomas	
QUEZON	Agdangan	Perez
	Alabat	Plaridel
	Jomalig	Quezon
	Patnanungan	Sampaloc
QUIRINO	Saguday	
ROMBLON	Alcantara	Magdiwang
	Banton	San Andres
	Calatrava	San Jose
	Concepcion	Santa Fe
	Corcuera	Santa Maria (Imelda)
	Ferrol	
SAMAR (WESTERN SAMAR)	Almagro	San Sebastian
	Basey	Santa Rita
	Daram	Santo Niño
	Jiabong	Tagapul-an
	Marabut	Talalora
	Matuguinao	Villareal

⁹Declared as a province of Negros Island Region together with Negros Oriental by virtue of E.O. 183 dated 29 May 2015.

Province	Municipality/City	
SIQUEJOR	Pagsanghan	Zumarraga
	Enrique Villanueva	Maria
	Larena	San Juan
SORSOGON	Barcelona	Santa Magdalena
	Prieto Diaz	
SOUTHERN LEYTE	Anahawan	San Francisco
	Hinundayan	San Juan (Cabalian)
	Libagon	San Ricardo
	Limasawa	Silago
	Padre Burgos	Tomas Oppus
	Pintuyan	
SULU	Hadj Panglima Tahil (Marunggas)	Panglima Estino (New Panamao)
	Kalingalan Caluang	Pata
	Lugus	Tapul
	Maimbung	
SURIGAO DEL NORTE	Alegria	San Benito
	Bacuag	San Francisco (Anao-aon)
	Burgos	San Isidro
	Del Carmen	Santa Monica (Sapao)
	General Luna	Sison
	Malimono	Tagana-an
	Pilar	Tubod
SURIGAO DEL SUR	Bayabas	Carmen
TARLAC	Anao	San Clemente
	Ramos	
TAWI-TAWI	Turtle Islands	
ZAMBOANGA DEL NORTE	Mutia	Sibutad
	Rizal	
ZAMBOANGA DEL SUR	Josefina	Tigbao
	Sominot (Don Mariano Marcos)	Vincenzo A. Sagun
ZAMBOANGA SIBUGAY	Taluscan	

ANNEX B

ILLUSTRATIVE LIST OF INDIGENOUS RAW MATERIALS

Indigenous Raw Materials	Illustrative List
Animals, meat and meat offal	Such as but not limited to pigs, goats, bovine, chicken, duck, crocodile except threatened species as identified by DENR or DA
Fishery and aquatic plants and animals	Such as but not limited to fish (e.g., bangus, tilapia, tuna, sardines, roundscad, etc.) crustaceans (e.g., shrimp, prawn, <i>talangka</i> , <i>alimasag</i> , <i>alimango</i> , etc.), mollusks (e.g., mussels, oysters, scallops, etc.) and other aquatic plants (e.g., seaweeds, carrageenan, sea grass, water lily, algae, etc.) and animals (e.g., sea urchin, sea cucumber, etc.), except threatened species as identified by the DENR – Biodiversity Management Bureau (BMB)
Plants	Such as but not limited to cereals (e.g., rice, corn, etc.); sugarcane; grass (e.g., bamboo including <i>kawayang tinik</i> , giant bamboo, <i>bulo</i> , <i>buho</i> , <i>laak</i> , <i>bayog</i> , <i>Kawayang kiling</i> , <i>kayali</i> , etc.); herbs, shrubs and spices (e.g., <i>pandan</i> , <i>lagundi</i> , <i>sambong</i> , <i>tawa-tawa</i> , <i>sinta</i> , <i>tanglad</i> , <i>siling labuyo</i> , <i>achuete</i> , etc.); vine (e.g. rattan, nito, etc.); fruits and nuts (e.g., mango, pineapple, banana, mangosteen, coconut, oil palm, pili, cashew, coffee, cacao, sampaloc, jackfruit, dalandan, calamansi, durian, guyabano, etc.); vegetables (e.g., okra, eggplant, ampalaya, etc.); root crops (e.g., kamoteng kahoy, cassava, ube, <i>luyang dilaw</i> , etc.); trees (e.g., logs, malunggay, banaba, rubber, etc.); fiber crops (e.g., abaca, cotton, etc.) except threatened species as identified by the DENR or DA

ANNEX C-1

PREFERRED LOCATIONS FOR GENERAL HOSPITALS (Levels 1,2, and 3)

List of Sub-Regions and Provinces Which Do Not Meet the DOH Standard

Hospital Bed-to-Population Ratio of 1:1000
(DOH-HFSRB data as of December 2015)

ARMM (Autonomous Region in Muslim Mindanao)
<i>Basilan</i>
<i>Lanao Del Sur</i>
<i>Maguindanao</i>
<i>Sulu</i>
<i>Tawi-Tawi</i>
CARAGA REGION
<i>Agusan Del Norte</i>
<i>Agusan Del Sur</i>
<i>Surigao Del Norte</i>
<i>Surigao Del Sur</i>
CAR (Cordillera Administrative Region)
<i>Abra</i>
<i>Benguet</i>
<i>Ifugao</i>
<i>Kalinga</i>
REGION 1 - ILOCOS REGION
<i>Ilocos Norte</i>
<i>Ilocos Sur</i>
<i>La Union</i>
<i>Pangasinan</i>
REGION 2 - CAGAYAN VALLEY
<i>Cagayan</i>
<i>Isabela</i>
<i>Quirino</i>
REGION 3 - CENTRAL LUZON
<i>Aurora</i>
<i>Bataan</i>
<i>Bulacan</i>
<i>Nueva Ecija</i>
<i>Pampanga</i>
<i>Tarlac</i>
<i>Zambales</i>
REGION IV-A – CALABARZON (Cavite, Laguna, Batangas, Rizal, Quezon)
<i>Batangas</i>
<i>Cavite</i>
<i>Quezon</i>
<i>Rizal</i>
REGION IV-B – MIMAROPA (Mindoro, Marinduque, Romblon, Palawan)
<i>Marinduque</i>
<i>Occidental Mindoro</i>
<i>Oriental Mindoro</i>
<i>Palawan</i>
<i>Romblon</i>
REGION V - BICOL REGION
<i>Albay</i>

<i>Camarines Norte</i>
<i>Camarines Sur</i>
<i>Catanduanes</i>
<i>Masbate</i>
<i>Sorsogon</i>
REGION VI - WESTERN VISAYAS
<i>Aklan</i>
<i>Antique</i>
<i>Capiz</i>
<i>Iloilo</i>
<i>Guimaras</i>
<i>Negros Occidental</i>
REGION VII - CENTRAL VISAYAS
<i>Bohol</i>
<i>Cebu</i>
<i>Negros Oriental</i>
REGION VIII - EASTERN VISAYAS
<i>Leyte</i>
<i>Southern Leyte</i>
<i>Eastern Samar</i>
<i>Northern Samar</i>
<i>Western Samar</i>
<i>Biliran</i>
REGION IX - ZAMBOANGA PENINSULA
<i>Zamboanga Del Norte</i>
<i>Zamboanga Del Sur</i>
<i>Zamboanga Sibugay</i>
REGION X - NORTHERN MINDANAO
<i>Bukidnon</i>
<i>Misamis Occidental</i>
<i>Misamis Oriental</i>
<i>Lanao Del Norte</i>
REGION XI - DAVAO
<i>Compostela Valley</i>
<i>Davao Del Norte</i>
<i>Davao Oriental</i>
<i>Davao Del Sur</i>
REGION XII - SOCCSKSARGEN
<i>North Cotabato</i>
<i>Sultan Kudarat</i>
<i>South Cotabato</i>
<i>Sarangani</i>

ANNEX C-2

Preferred Locations for General Hospitals (Levels 2 and 3)

1. Cebu City
2. Boracay Island
3. Palawan
4. Bohol
5. Pampanga
6. Kalibo
7. Subic
8. Tagaytay
9. Batangas
10. Angeles

ANNEX D

INCENTIVES FOR BOI-REGISTERED ENTERPRISES

Entitlement and availment of incentives shall be subject to the terms and conditions set forth under the relevant law and the project's Certificate of Registration as well as the rules and regulations of the implementing/administering agency.

A. Omnibus Investments Code of 1987 (E.O. No. 226)

1. Income Tax Holiday (ITH)
 - a. Six (6) years for projects with pioneer status and for projects located in a Less Developed Area (LDA);
 - b. Four (4) years for new projects with non-pioneer status;
 - c. Three (3) years for expansion/modernization projects.
2. Duty exemption on imported capital equipment, spare parts and accessories;
3. Exemption from wharfage dues and any export tax, duty, impost and fees;
4. Tax exemption on breeding stocks and genetic materials;
5. Tax credits on imported raw materials;
6. Tax and duty-free importation of consigned equipment;
7. Additional deduction for labor expense;
8. Employment of foreign nationals;
9. Simplification of customs procedures;
10. Access to bonded manufacturing warehouse.

B. Revised Forestry Reform Code of the Philippines (P.D. No. 705)

Incentives under E.O. No. 226 or the following:

1. Treatment of the amounts expended by a lessee in the development and operation of an industrial tree plantation or tree farm prior to as ordinary and necessary business expenses or as capital expenditures; and
2. Deduction from an investor's taxable income for the year, of an annual investment allowance equivalent to thirty-three and one-third per cent (33-1/3%) of his actual investment during the year in an enterprise engaged in industrial tree plantation or tree farm.

C. Philippine Mining Act of 1995 (R.A. No. 7942)

Incentives under E.O. No. 226, unless specified in the Specific Guidelines, and the following:

1. Exemption from real property tax and other taxes or assessments of pollution control devices;
2. Income tax-carry forward of losses;
3. Income tax-accelerated depreciation.

D. Book Publishing Industry Development Act (R.A. No. 8047)

Incentives under E.O. No. 226.

E. Downstream Oil Industry Deregulation Act of 1998 (R.A. No. 8479)

1. Income tax holiday (5 years);
2. Additional deduction for labor expenses;
3. Minimum tax and duty of three percent (3%) and value-added tax (VAT) on imported capital equipment;
4. Tax credit on domestic capital equipment;
5. Exemption from contractor's tax;
6. Unrestricted use of consigned equipment;

7. Exemption from the real property tax on production equipment or machineries;
8. Exemption from taxes and duties on imported spare parts;
9. Such other applicable incentives under Article 39 of Executive Order No. 226.

F. Magna Carta for Disabled Persons (R.A. No. 7277)

Incentives under E.O. No. 226.

G. Renewable Energy Act of 2008 (R.A. No. 9513)

1. Income tax holiday (7 years);
2. Duty-free importation of RE machinery, equipment and materials;
3. Net Operating Loss Carry-Over (NOLCO);
4. Corporate tax rate of 10% after ITH;
5. Accelerated depreciation;
6. VAT- zero rate on sale of fuel or power generated;
7. Cash incentive for missionary electrification;
8. Tax exemption of carbon credits;
9. Tax credit on domestic capital equipment and services.

H. Tourism Act of 2009 (R.A. No. 9593)

Incentives under E.O. No. 226.

*****NOTHING FOLLOWS*****