

Incentives for Ecocoboards Production

International Workshop on Ecocoboards

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Board of Investments

Department of Trade and Industry



In support of DA's Program, the BOI has listed in the 2007 Investment Priorities Plan (IPP) the activities related to Ecocoboard under the following Heading:

A. Agriculture/Agribusiness and Fishery



COVERAGE

A. Agriculture/Agribusiness and Fishery

This covers commercial production and commercial processing of agricultural and fishery products including their by-products and wastes, feeds and organic fertilizers, and establishment of post harvest facilities.

1. **Commercial production** may include primary processing
2. **Commercial processing** of agricultural/fishery products including their by-products and wastes
3. **Feed milling**, excluding those for game animals, fowls and other species for pet/pleasure purposes;
4. **Production of organic fertilizer**;
5. **Post harvest facilities** may include cold storage/ blast freezing, grains handling and storage.

Projects that cost at least the Philippine Peso equivalent of US\$20 million may qualify for pioneer status.



Coverage of Commercial Processing

2. **Commercial processing** of agricultural/fishery products including their by-products and wastes
 - a. **This covers the conversion of agricultural/fishery products, their by-products and wastes to a form ready for further processing or final consumption.**
 - b. The production of refined sugar, cooking oil and rice should comply with the applicable provisions of the Philippine Food Fortification Act of 2000 (R.A. 8976); production of iodized salt should comply with the applicable provisions of the ASIN Law (R.A. 8172).
 - c. The processing of imported raw materials may qualify for registration, provided that this activity is classified as pioneer



List of Preferred Activities in the 2007 IPP

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1. Agriculture/Agribusiness and Fishery
2. Information and Communications Technology
3. Electronics
4. Motor Vehicle Products
5. Energy
6. Infrastructure
7. Shipbuilding/Shipping
8. Iron and Steel
9. Research and Development/Training Institutions
10. Machinery and Equipment
11. Industrial Tree Plantation
12. Exploration, Mining, Quarrying and Processing of Minerals
13. Rehabilitation, Self-Development and Self-Reliance of Disabled Persons



BOI Incentives under E.O. 226

Major Incentives:

- **Income Tax Holiday (ITH)**
- **Duty free importation of capital equipment, spare parts and accessories under E.O. 528.**



BOI Incentives under E.O. 226

Other Incentives:

- **Additional Deduction from Taxable Income**
- **Employment of Foreign Nationals**
- **Importation of Consigned Equipment**



BOI Incentives under E.O. 226

Additional Incentives for Export Producers:

- Tax credit on imported raw materials and supplies
- Exemption from wharfage dues, export tax duties, impost and fees for firms exporting at least 70% of production
- Exemption from taxes and duties on imported spare parts and consumable supplies for export producers w/ CBMW exporting at least 70% of production
- Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies



Income Tax Holiday

Period of Entitlement

Eligible Enterprises	No. of Years
New Projects with Pioneer Status	6
New Projects with Non-Pioneer Status	4
Expansion Projects	3
New or Expanding Projects in LDA (regardless of status)	6
Bonus Year for New Projects	Not exceeding a total of 8 years ITH availment



LIST OF LESS DEVELOPED AREAS

REGION	PROVINCE
CAR	Abra, Apayao, Ifugao, Kalinga, Mt. Province
II	Nueva Vizcaya, Quirino
IV	Aurora, Marinduque, Occidental Mindoro, Palawan
V	Camarines Norte, Masbate
VI	Antique, Guimaras
VII	Siquijor
VIII	Biliran, Eastern Samar, Southern Leyte
IX	Zamboanga del Norte, Zamboanga Sibugay



LIST OF LESS DEVELOPED AREAS

REGION	PROVINCE
X	Lanao del Norte, Misamis Occidental
XII	Saranggani, Sultan Kudarat
ARMM	Basilan, Maguindanao, Shariff Kabunsunan, Sulu, Tawi-Tawi
CARAGA	Agusan del Sur, Surigao del Norte Surigao del Sur

NOTE: The BOI, on a case-to-case basis, consider areas within any province not listed as a Less Developed Area subject to the Provision of Article 40 of EO 226.

Complementary to the provision of the law granting maximum incentives to registered enterprises in LDAs, firms that locate in congested urban centers may be given limited incentives.



Income Tax Holiday

Criteria for ITH Bonus Year:

- Ratio of total imported and domestic capital equipment to number of workers does not exceed \$10,000 to one (1) worker
- Net FOREX savings or earnings of at least \$500,000.00 annually for the first three (3) years of operation
- Cost of indigenous raw materials is at least 50% of total cost of raw materials

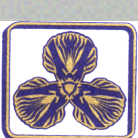


Additional Deduction from Taxable Income

- 50% of Incremental Direct Labor Cost Deductible from Taxable Income for the first five (5) years from registration, for New and Expanding Firms

Conditions for Availment:

- Ratio of capital equipment to the number of workers of the firm does not exceed US\$10,000.00 to one (1) worker
- No simultaneous availment with Income Tax Holiday (ITH)



Importation of Consigned Equipment Under Re-export Bond

Period of Entitlement

Not to exceed ten (10) years from date of
registration



Employment for Foreign Nationals

May be allowed in supervisory, technical or advisory positions for five (5) years from date of registration.

However, the president, general manager and treasurer of foreign-owned registered firms or their equivalent shall not be subject to the foregoing limitations.



Tax Credit on Tax Credit on Imported Raw Materials and Supplies

Equivalent to the national internal revenue taxes and duties paid on raw materials and supplies used in producing the export product, for a period of ten (10) years from the date of commercial operation.





Thank You

