

MEMORANDUM CIRCULAR
NO. 2015- 01

TO : ALL BOI CLIENTS AND ALL OTHERS CONCERNED

SUBJECT : GENERAL POLICIES AND SPECIFIC GUIDELINES TO IMPLEMENT THE INVESTMENT PRIORITIES PLAN (IPP) 2014 - 2016

A. PREFATORY STATEMENT

In line with the Administration's thrust of creating a more dynamic and progressive Philippines, the President issued Memorandum Order No. 74 dated 28 October 2014 approving the 2014 Investment Priorities Plan (IPP), which is centered on the theme "Industry Development for Inclusive Growth." A fundamental investment policy tool of the DTI-BOI's industry development strategy, the 2014 IPP is a strategic plan to grow industries, not just or necessarily through incentives, but through other policy interventions and initiatives. The IPP undertakes to address the most binding constraints to the entry of new investments and moving up the value chain to enhance the local industries' competitiveness while creating a competitive market.

The 2014 IPP is a rolling three-year plan to ensure continuity, consistency and predictability – factors seriously considered by domestic and foreign investors. This new IPP will, however, 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 2014 IPP.

B. GENERAL POLICIES

I. APPROVAL OF APPLICATION AND ENTITLEMENT TO INCENTIVES

The approval of application for registration and entitlement to incentives under this IPP is subject to Article 7, paragraph 3 of Executive Order (E.O.) No. 226.

The approval of applications for registration shall be based on the IPP listing. However, the extent of entitlement to incentives shall be based on the project's net value-added, job generation, multiplier effect and measured capacity.

The BOI, if national interest requires, may deny registration of projects engaged in the export of a product including industry inputs that are in short supply domestically.

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. EQUITY REQUIREMENT

The minimum equity of the project applied for registration is 25% of the project cost unless exempted under any of the following:

- Projects of applicants with good track record in implementing registered projects;
- Projects of publicly-listed companies; or
- Projects not entitled to ITH.

For projects with a gestation period of more than three (3) years, the 25% equity requirement shall be based on the annual capital requirement of the project; Provided that the total equity requirement of 25% is complied with on the first year of ITH availment. Non-compliance with this policy shall result in forfeiture of ITH incentives for the taxable year.

For multi-phase projects, the 25% equity requirement shall be based on the annual capital requirement of each phase; Provided that the total equity requirement for the first phase is complied with on the first year of ITH availment, and the corresponding cumulative equity requirement for the succeeding phases is complied with on the first ITH availment of each succeeding phase thereafter. Non-compliance with this policy shall result in forfeiture of ITH incentives for the taxable year.

IV. PROJECT STATUS

Pioneer status with pioneer incentives shall be governed by Article 17 of E.O. 226.

V. GEOGRAPHICAL CONSIDERATION IN INDUSTRY DEVELOPMENT POLICY

The BOI shall include geographical considerations in evaluating projects to be qualified for incentives based on, among others, regional development plans, industry roadmaps, industry clustering strategies and other relevant government initiatives to fill in the gaps of supply chains, enhance competitiveness, and promote global value chains.

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 NCR

The BOI shall limit incentives to firms that locate in congested urban centers. The locational restriction applies to the National Capital Region (NCR) wherein projects are not entitled to ITH. Exemption from the above locational restriction, however, may be given to the following:

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

VI. 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.

VII. ITH AVAILMENT

A. General Rules

- 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 following parameters: (1) project's net value added, (2) job generation, (3) multiplier effect, and (4) measured capacity.

In the event that the registered enterprise fails to implement the project as represented in its project application, the Board may opt to reduce the project's ITH availment proportionate to the actual performance (e.g. investments, employment generation, production and sales, timetable) of the enterprise.

The income qualified for ITH shall be limited to the income directly attributable to the eligible revenue generated from registered project.

- Except for renewable energy projects, the basis of net income qualified for ITH shall be limited to the 110% of the projected gross revenues as represented by the firm in its application for registration.

In cases where the project's actual revenues exceed the projections in its application due to, e.g., new markets/orders, additional employment/shifts, additional investments, the Board may increase the project's ITH availment proportionately. Requests for adjustments of projected revenue must be filed before the projected revenue is exceeded, otherwise ITH on the excess revenue (i.e. in excess of 110% of the projected gross revenue) shall not be granted.

- ITH shall only be applicable to revenues on sales generated/ services rendered to other enterprises. For projects involving services inherent to a project's operation (e.g. air cooling and similar activities), entitlement to ITH shall be subject to the condition that 70% of the revenues are generated from non-related entities and service fees are within normal/ regular rates.

- Only net income from operation of registered activity as certified under oath by CEO or CFO shall be entitled to ITH.

- 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.

B. Base Figure and Rate of Exemption

In general, ITH of expansion projects are 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 filing of the application for registration 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:

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

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

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

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

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:

1. Capital Equipment to Labor Ratio Criterion

a) Formula:

$$\frac{\text{Derived \$ cost of capital equipment}}{\text{Average number of direct labor}} \leq \text{US\$10,000.00}$$

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.

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 (must be justified as an import substitute) equivalent to the foreign exchange costs of the said product had these been imported.

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 and/or intermediate indigenous products must be used as inputs in the manufacturing 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.

c) Lists of indigenous raw materials and Intermediate indigenous products are provided in Annex B.

d) 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.

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 (ERC).

VIII. MULTI-PHASE PROJECTS

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

IX. INCLUSIVE BUSINESS

Registered enterprises are encouraged to adopt the Inclusive Business (IB) strategy that provides: a) goods and services; and b) income and decent work opportunities for the low-income segment of the society within the enterprise's supply or value chain directly contributing to the improvement of living standards and poverty reduction.

The IB strategy of the registered enterprise may be accredited by the Board subject to the guidelines that will be issued by the Board separately.

X. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

XI. 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.

XII. SUPPORT TO ENVIRONMENTAL PROTECTION AND CONSERVATION

Registered enterprises shall adopt measures intended to reduce climate change risks in support of the National Framework Strategy on Climate Change.

Likewise, registered enterprises are encouraged to implement best practices to protect and conserve biodiversity in their respective area and/or activities, and promote biodiversity-friendly businesses.

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 are not critical to the environment.

Applicants for BOI registration must submit proof of application for ECC/CNC filed with DENR.

Registered enterprises are encouraged to participate in the Philippines' Eco-labeling Program (ELP), when applicable.

Registered enterprises are encouraged to secure environmental certifications based on internationally-recognized standards, whenever applicable.

XIII. INTERNATIONAL STANDARDS CERTIFICATION

Registered enterprises shall obtain applicable certifications based on internationally-recognized standards such as a Hazard Analysis and Critical Control Points (HACCP), ISO certification, quality standards (e.g. ICC, CE) or other similar certifications.

XIV. EQUIPMENT

Registered enterprises shall use brand new equipment except for projects utilizing consigned equipment, projects involving transfer of facilities, and when specified in the Specific Guidelines, and apply production processes that meet environmental standards. Application for availment of capital equipment incentive shall be filed prior to the ordering of equipment.

XV. 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. 453. 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 BOI-ARMM.

XVI. 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.

XVII. 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.

XVIII. PUBLIC WELFARE CONSIDERATION

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

C. DEFINITION OF TERMS

a) **Alternative Fuel Vehicles** – refer to vehicles that run on electric batteries, flexible fuels, hybrid systems.

b) **Book** - 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.

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

- 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.
- 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.

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

e) **Distribution** - refers to bunkering and fuels shipping and transport. Fuels 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.

f) **Electric vehicles** - refer to vehicles that run solely on electric power.

g) **Energy crops** - refer to plants that may be used as feedstock for biofuels and/or power generation. These include grass, bamboo, leguminous tree species, sugarcane, sweet sorghum, cassava, algae, coconut, and oil palm and other crops as may be identified by the DOE.

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

i) **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.

j) **Flexible-fuel vehicles** – refer to vehicles that run on gasoline/diesel in combination with alternative fuel such as but not limited to:

- Bioethanol vehicles that run on gasoline and a minimum ethanol content/blend of at least 20%
- Biodiesel vehicles that run on diesel and a minimum biodiesel blend/ content of at least 5%
- Compressed Natural Gas Vehicles are vehicles that run on Compressed Natural Gas (CNG)
- Other vehicles powered by LPG, fuel cell and other alternative fuels.

k) **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.

l) **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.

m) **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.

n) **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.

o) **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/ product 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.

p) **Government Subsidy** - refers to the financial contribution by the national government or any of its agencies to defray, pay for or shoulder a portion of the project cost or the expenses and costs in operating or maintaining the project.

q) **Inclusive Business** – are those profitable core business activities that deliberately target the low-income segment (below US\$3/day) as part of their value proposition. IB creates or expands access to goods, services, and livelihood opportunities for the poor and vulnerable in commercially viable and scalable way.

r) **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.

s) **Logistics Efficiency Index** – refers to the measure of cost efficiency of the logistics involved in the supply of motor vehicle parts and components for the enrolled Model. It is computed as follows:

$$\text{LEI} = \frac{N_1 - N_2}{N_1 - N_3} \quad \text{Where: } N_1 = \text{annual volume of imported parts (m}^3\text{)}$$
$$N_2 = \frac{\text{total annual production (units)}}{\text{total m}^3 \text{ of parts for one complete vehicle}}$$
$$N_3 = \text{total m}^3 \text{ of part/unit that are deemed too technology- or investment-intensive and that cannot be viably manufactured in the country}$$

t) **Job Generation** - refers to the number of jobs directly generated by the project regardless of the length of employment.

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

- 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.
- 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.
- A combination of storage, distribution, and marketing activities.

v) **Measured Capacity** - the estimated additional volume of production/ service which the Board determines to be desirable in each preferred area of investment taking into account the export potential of the product. For housing projects, the estimated housing backlog for units between four hundred fifty thousand and three million pesos (economic and low-cost housing) in the country shall be the basis of measured capacity.

w) **Metro Cebu** – is composed of Cebu City, Lapu-Lapu City, Mandaue City, Cordova, Consolacion, Liloan, Compostela, Talisay, Minglanilla, and Naga.

x) **Metro Davao** – is composed of Davao City and the adjoining towns of Panabo and Sta. Cruz.

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/Smoke 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)

<p>y) 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:</p> <ol style="list-style-type: none"> (1) At least 25% substantial reduction of production cost/cost of provision of the service; or (2) Upgrading of product/service quality or classification of the facility (e.g., hospitals, hotels, resorts) to a higher class in accordance with accreditation standards applicable to the industry concerned. <p>z) Motorcycle – refers to conventionally-powered two or three-wheeled vehicle fitted with an auxiliary motor, with or without sidecars.</p> <p>aa) Multiplier Effect - refers to the increase in economic activity and interrelationships generated and stimulated by the investment.</p> <p>bb) New Plantation Area - refers to new hectareage of plantation or lands that have been idle for at least one year or those involving change of crops/variety to achieve higher yield or shifts in the production system such as organic farming.</p> <p>cc) New Project - refers to a project/activity listed in the IPP that has not started commercial operation undertaken by:</p> <ol style="list-style-type: none"> (1) A newly organized/formed enterprise that: <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> i. an entirely distinct and different activity from its existing business operations; or ii. the same activity provided it shall establish a new facility² 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 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. <p>dd) Net Value-added - refers to the value of final product/service less the value of inputs. The project's net value added should be at least 25% except for projects dependent on imported raw materials/ supplies.</p> <p>ee) 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.</p> <p>ff) 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.</p> <p>gg) Other Health Facilities – shall refer to the following:</p> <ol style="list-style-type: none"> (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. (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. (4) Geriatric Care Facilities. <p>hh) Phase - a distinct period or stage pertaining to the development or operational capacity of a project</p> <p>ii) 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:</p> <ol style="list-style-type: none"> (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. <p>j) 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 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.</p> <p>For renewable energy projects (RE), 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.</p> <p>kk) 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.</p> <p>ll) Trial Operation – refers to the initial pre-commercial phase based on 10% of the annualized sales vis-à-vis the first year of the project's projected revenues. This shall not apply to energy projects.</p> <p>mm) TSD (Treatment, Storage, and Disposal) Facilities - are the facilities where hazardous wastes are stored, treated, recycled, reprocessed, or disposed of.</p>	<p>This covers shipbuilding, manufacture of parts and components, research & development, and technical vocational education and training institutions.</p> <p>(1) Shipbuilding</p> <p>This covers the construction of ships that are at least 500 GT and the manufacture of parts and components.</p> <p>Registered enterprises must comply with Department of Labor and Employment (DOLE) Department Circular No. 1 series of 2009 on the Guidelines on Occupational Safety and Health in Shipbuilding, Ship Repair and Shipbreaking Industry.</p> <p>Prior to start of commercial operation, the registered enterprise must submit a copy of its License to Operate or its equivalent from the Maritime Industry Authority (MARINA) or other concerned agency.</p> <p>(2) Parts and Components</p> <p>This covers the manufacture of parts and components such as but not limited to fit-outs, pumps, marine engines, navigational equipment, marine boilers, and propellers.</p> <p>c. Aerospace parts and components</p> <p>This covers the manufacture of aerospace parts and components, and support activities (e.g., R&D activities, research/testing laboratories, and technical vocational education and training institutions).</p> <p>d. Chemicals</p> <p>This covers the production of the Oleochemicals, Petrochemicals and derivatives, and Chlor-Alkali Plants products, research & development, and research/testing laboratories.</p> <p>(1) Oleochemical Products</p> <p>Oleochemical products include the manufacture of fatty acid and fatty alcohol.</p> <p>(2) Petrochemical Products and its Derivatives</p> <p>Petrochemical products and its derivatives include, but are not limited to, the manufacture of derivatives from ethylene such as ethylene dichloride (EDC) and vinyl chloride monomer (VCM); olefins and polyolefins [Polyethylene (PE), Polypropylene (PP), Polystyrene (PS), and Polyvinyl Chloride (PVC)], derivatives from propylene, derivatives from mixed C4, and aromatic derivatives.</p> <p>(3) Chlor-Alkali Plant Products</p> <p>Chlor-Alkali plant products include the manufacture of chlorine, alkali (caustic soda), and hydrochloric acid (muriatic acid).</p> <p>e. Virgin paper pulp</p> <p>This covers the production of pulp integrated with forest plantation, research & development, and technical vocational education and training institutions.</p> <p>f. Copper wires and copper wire rods</p> <p>This covers the manufacture of copper wire rods and enamelled wires, research & development, and technical vocational education and training institutions.</p> <p>(1) Copper Wire Rod</p> <p>Projects must have a minimum production capacity of 12,000 MT per year and would produce wire rods compliant with applicable international or Philippine National Standards for the production of copper wires and cables.</p> <p>(2) Copper Wires</p> <p>This covers the production of copper enamel wires. All enamelled wire products must be compliant with the applicable Philippine National Standards (PNS).</p> <p>g. Basic iron and steel products, steel grinding balls, long steel products (billets and reinforcing steel bars), and flat hot/cold-rolled products.</p> <p>All iron and steel products must be compliant with the applicable Philippine National Standards (PNS).</p> <p>h. Tool and Die</p> <p>This covers the production of dies and molds, research & development, and technical vocational education and training institutions.</p> <ul style="list-style-type: none"> • Simple, compound and progressive dies for metal stamping or metal forging • Molds for die casting, for plastic injection or blow molding, glass blow molding, forging, encapsulation molds • Jigs and fixtures for metal cutting and metal forging. <p>2. Agribusiness and Fishery</p> <p>a. Commercial production³</p> <ol style="list-style-type: none"> (1) Coconut, corn, cassava, coffee, cocoa, fisheries, poultry and livestock; (2) High value crops - rubber, spices, vegetables and fruits; (3) Emerging commodities – sampaloc, jackfruit, peking duck, native pigs, siling labuyo, peanuts, monggo, and achuete. <p>All projects must be endorsed by the Department of Agriculture (DA).</p> <p>b. Commercial processing³</p> <ol style="list-style-type: none"> (1) Extraction of higher value substances from agricultural and fishery raw materials through bioprocessing; or (2) Conversion of agricultural and fishery products or wastes to a form ready for further processing or final consumption. <p>Commercial processing of agricultural products should involve the use of domestically-produced raw or semi-processed agricultural products, unless these inputs are not locally produced (NLP) or are not in sufficient quantity (NISQ).</p> <p>If using imported raw or semi-processed agricultural products that are locally produced (LP) or in sufficient quantity (ISQ), the project may qualify for registration, provided that the finished/final product is for export, or the project qualifies for pioneer status.</p> <p>c. Production of animal and aqua feeds excluding those for game animals, fowls and other species for pet/leisure purposes.</p> <p>d. Commercial production of organic and inorganic fertilizers and pesticides.</p> <p>e. Modernization of sugar mills which will increase mill efficiency measured in terms of Overall Recovery (OAR) rate to at least 85%.</p> <p>f. Mechanized agriculture support services, e.g. harvesting, land preparation, spraying/dusting and other related agricultural service.</p> <p>g. Agriculture support infrastructures, e.g. facilities for drying, cold chain storage, blast freezing, bulk handling and storage; packing houses; trading centers; ice plants in Less Developed Areas; AAA slaughterhouse; research & development/testing facilities; technical vocational education and training institutions; and AAA dressing plant.</p> <p>For projects under (c), (d), (f), and (g) above supporting agricultural commercial production, the qualification for registration is subject to the geographical market conditions, industry roadmaps and industry clustering strategies.</p> <p>3. Services</p> <p>a. Integrated Circuit Design</p> <p>This covers research & development, technical vocational education and training institutions, and all logic & circuit design techniques required to design integrated circuits (ICs).</p> <p>b. Creative Industries/ Knowledge-Based Services⁴</p> <p>This covers the start-ups of small newly incorporated domestic players/enterprises engaged in the following activities:</p> <ul style="list-style-type: none"> • Animation • Software development⁵ • Game development • Health Information Management Systems <p>c. Ship repair</p> <p>This covers repair of all types of vessels and offshore structures.</p> <p>Ship repair facilities must have a dry-docking facility with a minimum capacity of 1,500 DWT.</p> <p>Prior to start of commercial operation, the registered enterprise must submit a copy of its License to Operate or its equivalent from the MARINA or other concerned agency.</p> <p>d. Charging stations for electric vehicles</p> <p>This covers the establishment of charging stations for electric 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 5 charging stands.</p> <p>Application for registration must be accompanied by an endorsement from the Department of Energy-Investment Promotion Office (DOE-IPO).</p> <p>e. Maintenance, Repair and Overhaul (MRO) of aircraft</p> <p>This covers R&D activities and the establishment of research/testing laboratories, Centers of Excellence and technical vocational education and training institutions in support of</p>	<p>the manufacturing of aerospace parts and components (or maintenance, repair and overhaul of aircraft).</p> <p>f. Industrial waste treatment</p> <p>This covers the establishment of treatment facilities for toxic and hazardous wastes (THW) from an industrial operation.</p> <p>The following are the qualifications for registration:</p> <ul style="list-style-type: none"> • Must involve treatment, storage and disposal (TSD) • Must be capable of handling THW • Must handle only locally generated industrial wastes. <p>Prior to start of commercial operation, the registered enterprise must submit a copy of its TSD Registration Certificate issued by the Environmental Management Bureau (EMB) of the DENR.</p> <p>4. Economic and Low-cost Housing (horizontal and vertical)⁶</p> <p>This covers the development of economic and low-cost housing and the manufacture of modular housing components.</p> <p>a. Economic and Low Cost Housing</p> <p>The following are the qualifications for registration:</p> <ul style="list-style-type: none"> • The selling price of each housing unit shall be more than Pnp450,000.00 but not exceeding Pnp3.0 million; • Minimum of 20 livable dwelling units in a single site or building; • Must be new or expanding economic/low-cost housing project; • For vertical housing projects, at least 51% of the total floor area, excluding common facilities and parking areas, must be devoted to housing units. <p>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.</p> <p>Projects that have already been completed and have incurred sales (booked sales) of housing packages shall not qualify for registration.</p> <p>Any of the following may be considered as an expansion project:</p> <ul style="list-style-type: none"> • 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. <p>All economic/low-cost housing projects must comply with the following:</p> <ul style="list-style-type: none"> • 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 horizontal housing and 20% of the total floor area of qualified saleable housing units for vertical housing projects. <p>This may be done through any of the following modes:</p> <ul style="list-style-type: none"> - Development of a new settlement directly undertaken by the registered entity; - Development of a new settlement through joint venture arrangements with any of the following: <ol style="list-style-type: none"> i. Local Government Unit, ii. Affiliate or other related enterprise of the BOI-registered entity, iii. Developer accredited by the HLURB. <p>In the case of joint venture projects, the BOI registered entity shall be required to provide proof of funds transferred to the implementing entity.</p> <ul style="list-style-type: none"> - Development of a new settlement through donation of land with basic infrastructure facilities (roads, water system, etc.) and/or construction materials intended for the calamity stricken areas as identified in the "Comprehensive Rehabilitation and Recovery Plan of the Areas Battered by Yolanda" in partnership either with any of the housing agencies, relevant LGUs, or with HLURB accredited NGOs. <p>In lieu of the above modes for compliance with the SHR, vertical housing projects may opt to donate provided: (1) the donation is made to BOI accredited NGO and (2) 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 not less than 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.</p> <ul style="list-style-type: none"> • For purposes of ITH availment, compliance with the 20% socialized housing requirement 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. • Project shall conform with the design standards set forth in the Rules and Regulations to Implement B.P. No. 220/P.D. No. 957 and other related laws. <p>Eligible projects in NCR, Metro Cebu, and Metro Davao may only be granted three (3) years ITH unless the SHR compliance of the said projects would be undertaken in any of the identified calamity-stricken areas in the "Comprehensive Rehabilitation and Recovery Plan of the Areas Battered by Yolanda". In such cases, said projects may be eligible to four years of ITH.</p> <p>Interest income arising from in-house financing shall not be entitled to ITH.</p> <p>Application for registration must be accompanied by a copy of the Development Permit issued by HLURB or concerned LGU.</p> <p>Prior to registration, horizontal housing project applicant must submit copies of License to Sell (LTS) and Certificate of Registration (CoR) issued by HLURB. For vertical housing project, 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.</p> <p>b. Modular Housing Components</p> <p>This covers the manufacture of modular housing components preferably using indigenous materials. These include roof/framing systems, wall/partition systems, flooring systems, door/window systems, and finishing/ceiling systems.</p> <p>Application for registration must be accompanied by an endorsement from Accreditation of Innovative Technologies for Housing (AITECH).</p> <p>5. Hospitals⁷</p> <p>This covers the establishment and operation of general and specialty hospitals and other health facilities.</p> <p>Any of the following may qualify for registration:</p> <ul style="list-style-type: none"> • General Hospitals (Level 1, 2 and 3) in any of the locations listed in Annex C-1, • General Hospital Level 3 in any of the locations listed in Annex C-2, • Specialty Hospitals and Other Health Facilities outside Metro Manila. Other Health Facilities include: <ol style="list-style-type: none"> a) Custodial Care Facilities (excluding those for rehabilitation owing to substance abuse), 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). • Geriatric Care Facilities. <p>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.</p> <p>Prior to start of commercial operation, the registered enterprise must submit the License to Operate from the Bureau of Health Facilities and Services of the DOH, where applicable.</p> <p>Prior to availment of ITH, the registered enterprise must submit a copy of its Certificate of PhilHealth Accreditation, where applicable.</p> <p>6. Energy</p> <p>a. Exploration and development of energy sources (including energy crops or upstream biofuels)</p> <p>(1) Exploration and Development of Energy Sources</p> <p>Exploration and development of energy sources should be covered by a valid service contract with the DOE.</p> <p>Exploration projects shall only be entitled to duty free importation of capital equipment.</p> <p>(2) Energy Crops</p> <p>Only new plantations/growing areas dedicated for energy feedstock may qualify for BOI registration.</p> <p>Applications for registration must be accompanied by a certification from the DA as provided under Section 4 of Joint Administrative Order (JAO) No. 2008-1, Series of 2008 (Guidelines Governing the Biofuel feedstock production under R.A. 9367).</p> <p>b. Power generation plants⁸</p> <p>This covers power generation projects utilizing conventional fuels (i.e., coal, diesel, bunker, natural gas, and geothermal),</p>
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² New Facility refers to new complete line used in the production of the registered product/service separate from existing line

³ Subject to geographical supply considerations. In the case of poultry and livestock production, this is limited to areas in ARMM, Mindoro and Palawan.

⁴ Covers start-ups of small newly incorporated domestic players/enterprises only.

⁵ Covers only those with own Intellectual Property that are developed for commercial sale.

⁶ Based on a price ceiling of Pnp3.0 million and subject to geographical considerations.

⁷ Subject to geographical considerations.

⁸ Subject to capacity installation gap based on DOE's five-year supply-demand forecast or up to 2019, i.e., if forecast is 6000MW, then the first 6000MW capacity receives the incentives, and said installation gap will be divided among areas in Luzon, Visayas and Mindanao.

waste heat and other industrial wastes. Only projects that will respond to the capacity installation gap based on DOE's five-year supply-demand forecast and will operate on or before 2019 may qualify for registration. Availment of ITH shall be on a first to operate basis.

Registration of projects shall be based on the below indicative allocation of the installation target in accordance with the Energy Supply-Demand Outlook of the Department of Energy (DOE) as of February 2015 and may be subject to re-allocation based on regional power demand and supply situation.

	2015	2016	2017	2018	2019
Luzon (in MW)	1,300	500	500	500	50
Visayas (in MW)	150	50	50	50	100
Mindanao (in MW)	50	50	50	100	100

Power projects that are built contiguous to its existing generating facilities shall be considered as expansion projects. However, if the existing base load power plant has consistently dispatched at least 80% of its registered capacity for the past 3 years, the project to be registered may be considered new.

Revenues of base load plants derived through the Wholesale Electricity Spot Market (WESM) shall not be entitled to ITH.

Within one (1) year from the date of registration, projects with loan components in their financing scheme must have achieved Financial Close; otherwise the project's registration shall be subject to automatic cancellation. As evidence of financial closing, 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.

Power generation projects located in missionary areas or off-grid areas may qualify for pioneer status.

c. Ancillary services

- (1) Drilling Services for Geothermal Projects
- (2) Support services such as frequency regulation and contingency reserves, voltage control, load following, reactive power support, and black start capability which are necessary to support the transmission capacity and energy that are essential in maintaining power quality and the reliability and security of the grid.

d. Energy efficiency projects

This covers the establishment of energy efficiency-related facilities and the manufacture of equipment for use in energy efficient systems.

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 environment laws.

Applications for registration must be accompanied by an endorsement from the Department of Energy (DOE).

7. Public Infrastructure and Logistics

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 Civil Aviation Authority of the Philippines (CAAP) or the Philippine Ports Authority (PPA), whichever is applicable.

b. Air, land and water transport (limited to brand new ships, aircraft, seaplanes, RO-RO; buses, boats, mass rail - limited to capital equipment incentive only)

(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. Acquisition of additional brand new aircraft may be registered as new.

Application for registration must be accompanied by an endorsement from the Civil Aeronautics Board (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 Civil Aviation Authority of the Philippines (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 natural gas.

The following are the qualifications for registration:

- Must utilize buses with at least Euro IV-compliant engine and using Euro IV fuel, if applicable; and
- Must have 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 Land Transportation Franchising & Regulatory Board (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 Terminal System operations.

Tankers, High-speed Craft, RORO Vessels serving primary routes and Passenger/Cargo vessels having gross weight of 150 GT and above may qualify for registration.

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 proof that the vessel is registered with MARINA and a copy of the vessel's Class and Statutory Certificate as required by MARINA.

RORO operator/ enterprise serving missionary routes, as indicated in the Certificate of Public Convenience (CPC) issued by MARINA, may qualify for pioneer status.

Acquisition of additional brand new vessels may be registered as new project.

(4) Mass Rail

This covers mass rail transport system for passengers and cargoes in line with the transport development plans and programs of the Department of Transportation and Communications (DOTC).

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 (PNS).

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.
- 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. 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. 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 water (or distribution) should include extraction of water, treatment and installation of distribution lines and flow metering systems. Treated water should be in accordance with the PNS 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 the Water Permit.

Prior to start of commercial operations, the registered enterprise

must submit a copy of the Certificate of Public Convenience (CPC), if applicable.

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

8. PPP Projects

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

Application for registration must be accompanied by an endorsement from the Public-Private Partnership (PPP) Center.

II. EXPORT ACTIVITIES

This covers the manufacture of export products, services exports and activities in support of exporters.

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.

Export products include electronics, garments and textiles (including brassieres, gloves and mittens, and infant's wear), footwear and leather goods, furniture, jewelry, marine and aquaculture, mineral products, and others.

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

2. Services Exports

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\$5,000 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 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.

In the case of contact centers, revenues shall be unbundled to show the breakdown of servicing domestic and overseas markets.

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 comprising a portion of the manufacturing process;
- 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 Plantation⁹

This covers extensive plantation of forest land of tree crops (except fruit trees) for commercial and industrial purposes.

Tree crops include timber and non-timber species such as rubber, bamboo, rattan, etc. (excluding 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

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

Mining/quarrying and mineral processing projects are limited to capital equipment incentives.

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

3. Publication or Printing of Books

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), 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 unpublished content, application for registration may be on a per book title or a maximum of five (5) book titles per application.

For publishing, the following will apply:

- A minimum of 10 titles with 1,000 copies each for its first print run, in case of printed books; and
- A minimum of 10 titles each, in case of e-books.

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

4. Refining, Storage, Marketing and Distribution of Petroleum Products

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

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 Department of Social Welfare and Development (DSWD).

6. Renewable Energy

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.

⁹ Industrial Tree Plantation (ITP) is also known as Industrial Forest Plantation (IFP) based on DENR AO 1999-53

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

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 such as but not limited to hotels, resorts, apartment hotels, tourist inns, motels, pension houses, private homes for home stay, eco-lodges, condotels, serviced apartments, and bed and breakfast facilities;
 - 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;
 - Agri-tourism farms and facilities; 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.

Land transport covers the operation of brand new, world-class buses and/or mini-buses/coasters. The quantity or number of units of vehicles that may be allowed shall be determined based on the number of tourist arrivals in the area or the ratio of hotel/resort facilities/rooms.

Tourist transport operators must have garage, hangar or berthing/docking facilities.

Application for registration of water and air transport operators must be accompanied by an endorsement from MARINA or CAAP, respectively.

Prior to start of commercial operation, the registered tourist land transport operator must submit a copy of Certificate of Public Convenience (CPC).

(2) Tourism-related facilities

(a) Accommodation facilities

Condotel/apartment hotel/serviced apartment/ tourist inn/pension house/motel, must cater to tourists/guests to qualify for registration. For condotel/apartment hotel/ serviced apartment, each unit must have 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.

For hotels and resorts:

- The quantity or number of units of buses and/or mini-buses/coasters that may be allowed shall be determined based on the number of tourist arrivals in the area or the ratio of hotel/resort facilities/rooms.
- Accommodation establishments locating in the following areas shall not be entitled to ITH:
 - Metro Manila;
 - Cebu City;
 - Mactan Island; and
 - Boracay Island.

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

(b) Health and Wellness

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

(c) 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 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 training.

Application for registration must be accompanied by an endorsement from the Department of Tourism (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.

(3) Retirement Village

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

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

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

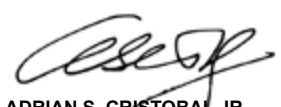
Projects undertaking the conservation and preservation, restoration or maintenance of historico-cultural heritage that includes any of the following may qualify for registration:

- (a) National shrines, monuments, and/or landmarks
- (b) Local historical sites/properties classified, identified, and listed in the National Registry of Historic Structures
- (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).

These General Policies and Specific Guidelines shall take effect immediately upon publication.

By the Authority of the Board:


ADRIAN S. CRISTOBAL JR.
 Undersecretary and BOI Mapping Head

ANNEX A

LIST OF LESS DEVELOPED AREAS (LDAs)

Province	Municipality/City
ABRA	Boliney
	Bucay
	Bucloc
	Danglas
	Daguioman
	Dolores
	Lacub
	Lagangilang
	Lagayan
	Lagiden
	La Paz
	Licuan-baay (Licuan)
	Luba
	Malibcong
	Manabo
	Peñarubia
	Pidigan
	Pilar
	Sallapadan
	San Isidro
	San Juan
	San Quintin
Tayum	
Villavieosa	
AGUSAN DEL NORTE	Remedios T. Romualdez

Province	Municipality/City
AKLAN	Buruanga
	Lezo
ANTIQUÉ	Tangalan
	Belison
	Libertad
BATANES	Itbayat
	Basco
	Sabtang
	Ivana
	Mahatao
	Uyugan
BATANGAS	Balete
	San Nicolas
	Santa Teresita
	Tingloy
BENGUET	Sablan
	Tublay
BILIRAN	Almeria
	Biliran
	Cabucgayan
	Caibirán
	Culaba
	Kawayan
	Maripi
	Maripi
BOHOL	Alburquerque
	Anda
	Batuan
	Clarin
	Corella
	Cortes
	Dagohoy
	Lila
	Lila
	Loay
	San Isidro
	Sevilla
	Sikatuna
CAGAYAN	Rizal
CAMARINES NORTE	Santa Praxedes
	San Vicente
CAMARINES SUR	Bombon
	Cabusao
	Gainza
	Camaligan
CAMIGUIN	Catarman
	Guinsiliban
	Mahinog
	Sagay
CATANDUANES	Bagamanoc
	Baras
	Bato
	Gigmoto
	Panganiban (Payo)
	San Miguel
CAVITE	General Emilio Aguinaldo
	Alcantara
	Alcoy
	Boljoon
	Ginatlan
	Malabuyoc
	Pilar
	Ronda
	Samboan
DAVAO DEL NORTE	Tudela
	San Isidro
DINAGAT ISLANDS	Dinagat
	Libjo (Albor)
	Tubajon
EASTERN SAMAR	Balangkayan
	General Macarthur
	Giporlos
	Hernani
	Jipapad
	Lawaan
	Maslog
	Mercedes
	Quinapondan
	Salcedo
	San Julian
	San Policarpo
	San Lorenzo
GUIMARAS	Hingyon
IFUGAO	Asipulo
ILOCOS NORTE	Adams
	Gregorio del Pilar (Concepcion)
	Lidlidda
ILOCOS SUR	Nagbukel
	San Esteban
	San Ildefonso
	San Vicente
	Santa Catalina
	Sigay
	Sugpon
ILOILO	Mina
	Batad
	Bingawan
	San Rafael
ISABELA	San Isidro
	Luna
KALINGA	Pasil
LAGUNA	Famy
	Mabitac
	Pakil
	Rizal
LANAO DEL NORTE	Kauswagan
	Linamon
	Magsaysay
	Matungao
	Pantar
	Salvador
	Sapad
	Tagoloan
	Tanqal
	Bayang
	Butiq
	Calanogas
	Lumbatan
LANAO DEL SUR	Masiu
	Pagayawan (Tatarikan)
	Pualas
	Sultan Dumalondong
	Tamparan
	Tugaya
LA UNION	Bagulin
	Burgos
	Pugo
	Hindang
	Julita
	La Paz
	Macarthur
	Mayorga
	Merida
	Pastrana
	Santa Fe
	Tabontabon
	Tolosa
	Tunga
MAGUINDANAO	Datu Unsay
	Kabuntalan (Tumbao)
	Mamasapano
	Northern Kabuntalan
	Sultan Mastura
MASBATE	Batuan
	Esperanza
	San Fernando
MISAMIS OCCIDENTAL	Baliangao
	Concepcion
	Panaon
	Sapang Dalaga
	Sinacaban
	Balingoan
	Binuangan
	Gitagum
	Kinoguitan
	Lagonglong
	Libertad
	Sugbongcogon
	Barlig
	Besao
MOUNTAIN PROVINCE	Sabangan
	Sadanga
	Sagada
NEGROS ORIENTAL	San Jose
	Allen
	Biri
	Capul
	Lapinig
	Mapanas
	Rosario
	San Antonio
	San Jose
	San Vicente
	Victoria
NUEVA ECIJA	Nampicuan
	Palayan City
NUEVA VIZCAYA	Ambaguio
	Villaverde
OCCIDENTAL MINDORO	Looc
PANGASINAN	Santo Tomas
PALAWAN	Agutaya
	Cagayancillo
	Linapacan
	Magsaysay

Province	Municipality/City
QUEZON	Agdangan
	Alabat
	Jomalig
	Patnanungan
	Perez
	Piaridel
	Quezon
QUIRINO	Sampaloc
	Saguday
	Alcantara
	Banton
	Calatrava
	Concepcion
	Corcuera
ROMBLON	Ferrol
	Magdiwang
	San Andres
	San Jose
	Santa Fe
	Santa Maria (Imelda)
	Almagro
	Jiabong
	Marabut
	Matuguinao
	Pagsanghan
	San Sebastian
	Santo Niño
	Tagapul-an
	Talalora
	Zumarraga
SAMAR (WESTERN SAMAR)	Enrique Villanueva
	Larena
	Maria
	San Juan
	Barcelona
	Prieto Diaz
	Santa Magdalena
	Anahawan
	Hinundayan
	Libagón
	Limasawa
	Padre Burgos
	Pintuyan
	San Francisco
	San Juan (Cabalian)
	San Ricardo
	Tomas Oppus
	Hadi Panglima Tahil (Maruggas)
	Kalingalan Caluang
	Lugus
	Maimbung
	Panglima Estino (New Panamao)
	Pata
	Tapul
	Alegria
	Bacuaq
	Burgos
	Del Carmen
	General Luna
	Malimono
	Pilar
	San Benito
	San Francisco (Anao-aon)
	San Isidro
	Santa Monica (Sapao)
	Sison
	Tagana-an
	Tubod
SURIGAO DEL SUR	Bayabas
	Carmen
	Anao
	Ramos
	San Clemente
TARLAC	Turtle Islands
TAWI-TAWI	Mutia
ZAMBOANGA DEL NORTE	Rizal
	Sibutad
	Josefina
ZAMBOANGA DEL SUR	Sominot (Don Mariano Marcos)
	Tigbao
	Vincenzo A. Sagun
ZAMBOANGA SIBUGAY	Talusan

ANNEX B

Indigenous Raw Materials		NOTES
(a)	Live animals born and raised in the Philippines	The term "animals" covers all animal life, including mammals, birds, fish, crustaceans, mollusks, reptiles, bacteria and viruses
(b)	Animals obtained by hunting, trapping, fishing, gathering or capturing in the Philippines	Covers animals obtained in the wild, whether live or dead, whether or not born and raised in the Philippines
(c)	Products obtained from live animals in the Philippines	Covers products obtained from live animals without further processing, including milk, eggs, natural honey, hair, wool, semen and dung
(d)	Plants and plant products harvested, picked or gathered in the Philippines	Covers all plant life, including fruit, flowers, vegetables, trees, seaweed, fungi and live plants grown in the Philippines
(e)	Minerals and other naturally occurring substances, not included in (a) and (d), extracted or taken in the Philippines	Covers crude minerals and other naturally occurring substances, including rock or solar salt, crude mineral sulphur occurring in free state, natural sands, clays, stones, metallic ores, crude oil, natural gas, bituminous minerals, natural earths, ordinary natural waters, natural mineral waters, natural snow and ice
(f)	Scrap and waste derived from manufacturing or processing operations or from consumption in the country and are fit only for disposal or for the recovery of raw materials	Covers all scrap and waste, including scrap and waste resulting from manufacturing or processing operations or consumption in the Philippines, scrap machinery, discarded packaging and household rubbish and all products that can no longer perform the purpose for which they were produced, and are fit only for discarding of for the recovery of raw materials. Such manufacturing or processing operations include all types of processing, not only industrial or chemical but also mining, agricultural, construction, refining, incineration and sewage treatment operations.

Indigenous Materials	Intermediate Indigenous Products
Abaca	Abaca Pulp / Fiber
Chromite Ore	Chromite Fines / Concentrates / Sand
Clay	Beneficiated Clay
Coal	Beneficiated Coal
Coconut	Crude Coconut Oil
Copper Ore	Copper Concentrates / Cathodes
Crude Petroleum	Refined Petroleum Products (*)
Dolomite	Beneficiated Dolomite
Industrial Stones	Aggregates
Iron Ore	Iron Concentrates, Ingots / Billets, Cast Iron
Limestone	Hydrated Lime, Quick Lime, Industrial and Agricultural Lime
Limestone for Cement	Clinker
Marble	Marble Blocks
Nickle Ore	Beneficiated Nickle Ore / Briquettes
Other Dimension Stones	Blocks
Other Metallic Ores	Concentrates / Smelting Products
Other Non-Metallic Minerals	Beneficiated Non-Metallic Minerals
Other Scrap / Wastes	Processed Products as raw material inputs to produce another product
Palm Oil	Crude Palm Oil
Plastic Scraps and Wastes	Moulding Compounds as inputs to packaging materials
Precious Metallic Ores	Bullion
Rubber	Latex / Crumb Rubber
Scrap Metal	Billets / Ingots / Cast and Forged Products
Seaweeds	Carrageenan
Seed Cotton	Cotton Lint / Cotton Yarn
Silica Sand	Flat Float Glass
Sugar Cane	Raw Sugar

ANNEX C-1

**Preferred Locations for General Hospitals (levels 1, 2 and 3)
List of Sub-Regions and Provinces Which Did Not Meet the
DOH Standard Hospital Bed-to-Population Ratio of 1: 1,000
(DOH-HFSRB data as of December 2013)**

Sub-Regions and Provinces
Distribution per DOH License to Operate Category
ARMM (Autonomous Region of Muslim Mindanao)
Basilan
Lanao Del Sur
Maguindanao
Sulu
Tawi-Tawi
CARAGA Region
Agusan del Norte
Agusan del Sur
Surigao del Sur
Dinagat Island
CAR (Cordillera Autonomous Region)
Abra
Benguet
Region I – Ilocos
Ilocos Norte
Ilocos Sur
La Union
Pangasinan
Region II – Cagayan Valley
Cagayan
Isabela
Quirino
Region III – Central Luzon
Aurora
Bataan
Bulacan
Nueva Ecija

Sub-Regions and Provinces
Pampanga
Tarlac
Zambales
Region IVA – CALABARZON (Cavite, Laguna, Batangas, Quezon)
Batangas
Cavite
Laguna
Quezon
Rizal
Region IV-B MIMAROPA (Mindoro, Marinduque, Romblon, Palawan)
Marinduque
Occidental Mindoro
Oriental Mindoro
Palawan
Romblon
Region V – Bicol
Albay
Camarines Norte
Camarines Sur
Masbate
Sorsogon
Region VI – Western Visayas
Aklan
Antique
Capiz
Iloilo
Guimaras
Negros Occidental
Region VII – Central Visayas
Bohol
Cebu
Negros Oriental
Region VIII – Eastern Visayas
Biliran
Eastern Samar
Leyte
Northern Samar
Southern Leyte
Western Samar
Region IX – Zamboanga Peninsula
Zamboanga del Norte
Zamboanga del Sur
Zamboanga Sibugay
Region X – Northern Mindanao
Bukidnon
Misamis Occidental
Misamis Oriental
Lanao Del Norte
Region XI – Davao
Compostela Valley
Davao Del Norte
Davao Oriental
Davao Del Sur
Region XII – SOCCSKSARGEN
North Cotabato
South Cotabato
Sultan Kudarat
Saranggani

ANNEX C-2

Preferred Locations for General Hospitals Level 3

1. Boracay Island
2. Cebu City
3. Lapu-Lapu City
4. Puerto Princesa City
5. Baguio City
6. Albay
7. Batangas
8. Cagayan de Oro City
9. Davao City
10. Bohol

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)

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

- 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
- 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 and the following:

- Exemption from real property tax and other taxes or assessments of pollution control devices;
- Income tax-carry forward of losses;
- 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. 8479)

- Income tax holiday (5 years);
- Additional deduction for labor expenses;
- Minimum tax and duty of three percent (3%) and value-added tax (VAT) on imported capital equipment;
- Tax credit on domestic capital equipment;
- Exemption from contractor's tax;
- Unrestricted use of consigned equipment;
- Exemption from the real property tax on production equipment or machineries;
- Exemption from taxes and duties on imported spare parts;
- 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)

- Income tax holiday (7 years);
- Duty-free importation of RE machinery, equipment and materials;
- Net Operating Loss Carry-Over (NOLCO);
- Corporate tax rate of 10% after ITH;
- Accelerated depreciation;
- VAT- zero rate on sale of fuel or power generated;
- Cash incentive for missionary electrification;
- Tax exemption of carbon credits;
- 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 *****