



Republic of the Philippines
BATANGAS CITY

Office of the Sangguniang Panlungsod

Tel. No. 723-2175

ORDINANCE NO. 16 S. 2016

AN ORDINANCE ENACTING THE BATANGAS CITY INVESTMENT
INCENTIVES CODE OF 2014

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TITLE 1

TITLE, DECLARATION OF POLICY AND OBJECTIVES

SECTION 1. TITLE. - This Ordinance shall be known as the "The Batangas City Investment Incentives Code of 2014."

SECTION 2. DECLARATION OF POLICY. - It is the declared policy of this city to actively encourage the participation of the private sectors in the promotion of economic growth and prosperity in the city, and for this purpose, it shall grant fiscal and non-fiscal incentives to investors, both local and foreign, particularly in identified investment priority areas (IPAs), to attract new investors and keep and retain existing investments and encourage their expansion, in addition to generally creating and maintaining a business-friendly environment that will accelerate economic progress, generate employment opportunities, increase revenues and income, reduce poverty, and improve the over-all quality of life for the people of Batangas City.

SECTION 3. PURPOSES AND OBJECTIVES.- The purposes and objectives of "The Batangas City Investment Incentives Code of 2014" are as follows:

- a. To provide guidelines, standards, and procedures for the grant, administration, and availment of local incentives;
- b. To define the scope and breadth of incentives that the city may grant in its effort to attract investments to the city consistent with the policy of this Code, as well as promote and support micro-small medium enterprises (MSMEs) and create business opportunities that can pave the way to an improved utilization of local resources, develop markets for local products, and ignite the ingenuity of the entrepreneurs and other stakeholders;



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- c. To provide the guidelines and criteria for the identification of Investment Priority Areas (**IPAs**);
- d. To provide for the promotion of the IPAs of the city;
- e. To establish the City Investment and Incentive Board (**Board**) which will collaborate with the Local Economic and Investments Promotion Center (**LEIPC**) in the implementation of this Code and all the investments promotion programs of the city for business attraction, retention, and expansion and/or diversification; and
- f. To identify the conditions for the grant of incentives to investors and their continued enjoyment of the same, subject to the maximum term of the incentives granted them.

SECTION 4. STATEMENT OF POLICIES ON THE IDENTIFICATION OF PRIORITY AREAS AND APPROVAL OF INCENTIVES APPLICATIONS. - In line with the foregoing declared policy, Batangas City hereby adopts the following policies:

1. **Grant of incentives** - The grant of incentives shall be based on categorical/clear criteria, time-bound, and consistent with national laws. The incentives shall be fairly administered to ensure a level playing field for investors in the locality. The incentives shall be extended only to business activities that support and promote the development vision of the city, as expressed in its Ten Year Comprehensive Development and Land Use Plans and those which are included in the investment thrust of the region and national government.

The city shall not consider an economic activity an IPA unless it is shown to be economically, technically, and financially sound after thorough investigation and analysis by the Board, without prejudice, however, to the determination of the same by the national government as such. The determination of areas of investment to be included in the list of IPAs (**IPA List**) shall be based on long-term comparative advantage, taking into account the value of social objectives and employing economic criteria along with market, technical, and financial analysis.

2. **Policy in the Identification of IPAs** - In general, business activities shall be considered for inclusion in the IPA List on the basis of the following criteria:
 - a. significant potential contribution to the growth of a sizable number of existing businesses or to a vital industry in the city;
 - b. the business activity is aligned with the development vision of the city;
 - c. capacity to generate employment, whether direct or indirect, particularly for those within the city;



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- d. use of locally available materials and resources;
- e. amount of additional capital investment within the city;
- f. pioneering nature of technology to be employed in the business;
- g. ability to promote the dispersal of business/commercial activities to less developed areas within the city;
- h. ability to improve environmental conditions within the city including bio-diversity, or involves activities that promote sustainability of existing natural resources of the city; and
- i. contribution to the infrastructure in the city through Public Private Partnership (PPP),

Provided, that in the case of existing businesses (as defined in Section 5 hereof), in the interest of maintaining the current revenue sources of the city, they shall only be qualified to avail of incentives in case they undertake an expansion or modernization or new project, as defined in Section 5.

3. **Identification of Investment Priority Areas** - The business activities entitled to incentives should be limited to those included in the list of Mandatory Investment Priority Areas (**MIPA List**) or the list of Local Investment Priority Areas (**LIPA List**); provided that, the local incentives of those in the MIPA List shall generally be limited to those granted and subject to the terms and conditions under the relevant Incentive Law, as hereinafter defined.
4. **On continuing conditions of the grant of incentives** - The Board may impose any of the following minimum continuing conditions on registered enterprises particularly locally- registered enterprises, as a condition to their continued entitlement to the incentives granted at the time of their registration.
 - a. efficient use of natural resources to conserve and protect those indigenous to the City;
 - b. they minimize the adverse impact or enhance the positive effect of their operation on the environment by undertaking business practices that adhere to the country's environmental laws, such as efficient solid waste pollution management, adopting technologies that reduce greenhouse gas emissions, and implementing climate change adaptation measures and disaster risk reduction and management, among others;
 - c. compliance with all applicable labor law and standards, including those relating to occupational health and safety; and
 - d. in the case of registered enterprises enjoying fiscal incentives beyond three (3) years, they shall adopt a corporate social responsibility programs to be implemented one year after its registration.



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5. **On the procedure for the grant of incentives** - The procedure for the application, processing, and grant of applications for incentives shall be transparent and reasonable, and must be completed within a reasonable period not exceeding two (2) months from Date of Official Acceptance, as defined below. No requirement shall be imposed unless there is categorical ample basis, reason or purpose for imposing the same. Where the applicant for registration anchors its application on its status as an entity registered under an Incentive Law with a Registering Agency, as defined in this Code, the procedure for its registration under this Code shall be simplified and shall be made mainly dependent on the fact of its registration with the Registering Agency.

TITLE II

DEFINITION OF TERMS

SECTION 5. DEFINITIONS. - For purposes of this Code-

- a. **"Barangay Micro Business Enterprise"** ("BMBE") shall be as defined under the Barangay Micro Business Enterprises (BMBEs) Act of 2002 (Republic Act No. 9178), i.e., any business entity or enterprise engaged in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services, whose total assets including those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, shall not be more than Three Million Pesos (P3,000,000.00).
- b. **"Board"** shall mean the City Local Investment and Incentives Board created under this Code, the powers and composition of which shall be as provided under Section 7 and 9.
- c. **"Board of Investments"/"BOI"** shall refer to the implementing agency for Books One to Five of the Omnibus Investments Code (EO No. 226 dated 27 February 1987) as created under the latter.
- d. **"Capitalization"** refers to the total project cost which includes land, building, machineries, equipment, and working capital except where it pertains to a BMBE, in which case, the same shall be exclusive of the cost of the land; provided that in the case of corporations, capitalization shall also include paid-up capital.
- e. **"City"** shall mean the Batangas City covering all the areas within its territorial jurisdiction as provided for by law and its charter.



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- f. **"Code"** shall refer to The Batangas City Local Investment Incentives Code of 2014 promulgated pursuant to this Ordinance.
- g. **"Date of Official Acceptance"** refers to the date the complete application for registration was received by the receiving personnel of the LEIPC and recorded in a logbook for the purpose.
- h. **"Date of Registration"** refers to the date when the Certificate of Registration is issued by the Board, which information shall be recorded in a Registration Logbook to be maintained by the Board.
- i. **"Diversification"** refers to the introduction and production of a distinct line of products or services by an Existing Business, whether or not a Registered Enterprise; Provided, that, to be considered distinct, it should require new investment in terms of machinery or equipment or would involve the use of new skills set not currently used in the existing product or services, Provided further, That a new service or product may constitute a diversification even if such service or product is already within the scope of its original or existing business purposes.
- j. **"ECOZONE"** shall be as defined under the Special Economic Zone Act of 1995 (**PEZA Law**, Republic Act No. 7916), i.e., selected areas with highly developed or which have the potential to be developed into agro-industrial, industrial, tourist/recreational, commercial, banking, investment and financial centers, and other relevant laws, including but not limited to the Tourism Act of 2009, Republic Act No. 9593, which created the Tourism Infrastructure and Enterprise Zone Authority.
- k. **"Existing Businesses"** are businesses engaged in activities included in the IPA List but are already engaged in operating in the City and are intending to expand and/or diversify to other business ventures falling within the IPAs as defined herein.
- l. **"Expansion"** shall mean installation of additional facilities/equipment that will result in the increase in the production capacity of an Existing Business. It may include modernization and rehabilitation. No expansion for additional capacity shall be allowed unless applicant has attained, in general, 85% utilization of its existing capacity.
- m. **"Incentive Law"** shall refer to a law, such as the Omnibus Investments Code, granting incentives to specific businesses at both the national and local levels, by virtue of the nature of their



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business activity pursued or the location where such business is going to be pursued or undertaken, as administered by a designated government agency or office (Registering Agency), such as the BOI.

- n. "**Investment Priorities Plan**" / "**IPP**" shall refer to the annual listing of specific activities that have been identified as priority investment areas and thus encouraged by granting those engaging in the activities in the list the incentives under the Omnibus Investments Code, approved by the President of the Philippines, subject to the recommendation of the BOI.
- o. "**Investment Priority Areas**" shall refer to the business activities which are entitled to incentives granted by the City, which investment area or business activity is specifically included in the Mandatory Investment Priority Areas (**MIPAs**) or Local Investment Priority Areas (**LIPAs**), and summarized in an Investment Priority Areas List (**IPA List**) which shall be amended, as necessary, once every two (2) years.
- p. "**LEIPC**" refers to the Local Economic and Investments Promotion Center with the responsibilities and functions provided under Title IV of this Code.
- q. "**Local Investment Priority Areas**" / "**LIPAs**" are investment areas/business activities identified by the Board to be priority investment areas specifically in the City which are not yet among the Mandatory Investment Priority Areas and are encouraged to be pursued within the City by granting to them incentives in accordance with the policy on the grant of incentives provided under subparagraph (1) of Section 5 above.
- r. "**Local Applicants**" refer to applicants for incentives under this Code which have no outstanding registration with a Registering Agency under an Incentive Law, provided that its proposed business is under the IPA List.
- s. "**Local Staff**" refer to a worker or personnel who is a *bonafide* resident of the City for at least six (6) months where proof of residency consists of the presentation of voter's ID/Registration and a Barangay Clearance from the barangay where he resides. Where the eligibility of an applicant to avail of incentives is anchored on its ability to generate employment, it should meet the minimum ratio of Local Staff to non-Local Staff, as the Board may prescribe.



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- t. **"Mandatory Investment Priority Areas"/"MIPA"** are investment areas/business activities identified by the National Government as priority areas of investment and thus encouraged through the extension of incentives not only at the national but also at the local level pursuant to applicable Incentive Law, such as those included in the Annual Investment Priorities Plan.
- u. **"Micro, Small, and Medium Enterprises"/"MSME"**, for purposes of this Code shall refer to businesses that meet the criteria below and which are to engage in a business activity included in the IPA List:

By Asset Size:

Micro Enterprise:	Up to Php3,000,000.00
Small Enterprise:	Php3,000,001 - Php15,000,000
Medium Enterprise:	Php15,000,001 - Php100,000,000
Large Enterprise:	Php100,000,001 and above

Provided, That, in the case of Micro Enterprises, including BMBEs, land which is not officially contributed into the business as capital or purchased by the business shall not form part of the assets of the business for purposes of determining the asset size above.

Provided further, That, for purposes of securing incentives, in lieu of meeting the foregoing criteria, an enterprise may qualify as an MSME using the following criteria:

By Number of Employees:

Micro Enterprise:	1-9 employees
Small Enterprise:	10 - 50 employees
Medium Enterprise:	51- 199 employees
Large Enterprise:	100 employees and above

In the event that an enterprise falls under different classifications foregoing categories, the classification that will entitle it to more incentives shall be controlling.

The foregoing categories may be amended, from time to time, to render the definitions consistent with national laws and other issuances pertaining to MSMEs.



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- v. **"Modernization or Rehabilitation Projects"** refer to projects of Existing Businesses or Registered Enterprises, which projects are registrable and thus, eligible to incentives if any of the following conditions are met:
- i. at least twenty percent (20%) reduction in production cost, which if sold in the Philippines should result in the reduction of the selling price of the product; or
 - ii. significant increase in productive efficiency including de-bottlenecking; or
 - iii. meaningful upgrading or product quality; or
 - iv. upgrade in the technology used in production to bring it at par with the technology used by leading manufacturers of the product manufactured by the Registered Enterprise.
- The modernization or rehabilitation contemplated may or may not result in increase in the operating capacity/actual production output to be eligible for registration.
- w. **"New Projects"** refer to projects or activities in the IPA List that have not started commercial operation, undertaken by (1) a newly organized/formed enterprise; or 2) an Existing Business that proposes to engage in an entirely distinct activity from its existing business as would qualify as a Diversification.
- x. **"PEZA"** shall refer to the Philippine Economic Zone Authority, as created under the PEZA Law.
- y. **"Project Study"** refers to a project profile which presents, among others, highlights of the projected financial viability and environmental and socio-economic impact of the proposed business.
- z. **"Registered Enterprise"** refers to any individual, partnership, cooperative, or corporation, whether a domestic or foreign corporation licensed to do business in the Philippines that has been issued a Certificate of Registration by the Board pursuant to this Code.
- aa. **"Registering Agency"** refers to any other government agency/office/instrumentality that is authorized to administer incentives under and register and regulate corporations that are enjoying incentives at the national level pursuant to an applicable Incentive Law, such as but not limited to the BOI and the PEZA.



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TITLE III

LOCAL INVESTMENTS AND INCENTIVES BOARD

SECTION 6. THE LOCAL INVESTMENTS AND INCENTIVES BOARD; CREATION. - The Board is hereby created to implement the provisions of this Code and to supervise and manage the operation of the Local Economic and Investments Promotion Center (LEIPC).

SECTION 7. COMPOSITION OF THE BOARD. - The Board shall be composed of seven (7) members as follows:

- a. City Mayor as Chairperson;
- b. President/ Lead Convener of the Metro Batangas Business Club as Co-Chairperson;
- c. The Local Economic and Investments Promotion Officer (LEIPO);
- d. The City Planning and Development Coordinator (CPDC);
- e. Sanggunian Chairperson of the Committee on Trade, Commerce and Industry;
- f. Sanggunian Chairperson of the Committee on Ways and Means;
- g. At least two (2) other private Sector Representatives from significant business/industry sectors in the locality to be appointed by the City Mayor for a term of two (2) years : and
- h. A member of the City Development Council appointed by the City Mayor.

The Board may likewise invite, from time to time, representatives from pertinent national government agencies (NGAs), including but not limited to Regional/Provincial Officers of the BOI/Department of Trade and Industry (DTI), and other relevant stakeholders for advice or consultation in their areas of expertise.

SECTION 8. MEETINGS AND QUORUM OF THE BOARD. - The Board shall meet at least once a month and upon the call of the Chairperson whenever he deems it necessary on such day and time as the Board may fix. Notice of meetings shall be given to all members of the Board. The presence of at least a majority of the members of the Board shall constitute a quorum and the affirmative vote of a majority of the quorum shall be necessary for the exercise of its powers and the performance of its duties, including the approval of all decisions and policies issued by the Board.

SECTION 9. POWERS AND FUNCTIONS OF THE BOARD. - The primary functions of the Board are to establish a favorable and stable policy for business, encourage and support private sector investment, and encourage business retention and expansion. Pursuant to this, the Board is generally vested with the following powers:



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- a. Promulgate rules and regulations as may be necessary;
- b. Every two (2) years, review LIPAs eligible for incentives, taking into consideration the developmental needs of the City, relevant economic and technical factors of the City, available resources, prospects of an industry, among other relevant considerations;
- c. Adopt an investments promotion program;
- d. Act on applications for registration of projects and availment of local incentives as well as suspend or cancel, consistent with this Code, the enjoyment of incentives so granted after hearing and with due notice to the Registered Entity;
- e. Recommend to the Sanggunian any amendments to the Code;
- f. Supervise the operations of the LEIPC, including appoint/hire, discipline, or remove its employees in accordance with applicable law;
- g. Establish cooperative undertakings with other local government units (LGUs), the private sector, non-governmental organizations (NGOs) or other institutions as may be necessary;
- h. Establish trade and investment satellite offices in such other places as may be necessary to effectively carry out its mandate;
- i. To act on controversies concerning the implementation of this Code that may arise between the Registered Enterprise and the City Government agencies or other governmental agencies within sixty (60) days after the controversy has been submitted for decision;
- j. Coordinate and consult with the City Development Councils (CDCs) in the identification of LIPAs and the formulation of local incentives;
- k. Perform such other tasks necessary and incidental to the performance of its functions.

SECTION 10. POWERS AND FUNCTIONS OF THE CHAIRPERSON. - The Chairperson of the Board shall have the following powers and duties:

- a. Preside over the regular and special meetings of the Board;
- b. Sign the Certificate of Registration in accordance with the rules and regulations of the Code;
- c. Render an annual report to the Sangguniang Panlungsod regarding the results of the operation of the Board and its on-going efforts to implement this Code and achieve its mandate; and
- d. Exercise such other powers and perform such other duties as the Board may direct it to perform to carry out the objectives of this Code.



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SECTION 11. POWERS AND FUNCTIONS OF THE VICE-CHAIRPERSON. - The Vice Chairperson shall have the following powers and duties:

- a. To preside over the regular and special meetings of the Board in the absence of the Chairperson;
- b. To perform such other duties and functions as may be necessary for and in behalf of the Chairperson; and
- c. To exercise such other powers and perform such other duties as the Board may direct it to perform to carry out the objectives of this Code.

TITLE IV

THE LOCAL ECONOMIC AND INVESTMENTS PROMOTION CENTER

SECTION 12. CREATION. - The LEIPC is created as the lead office on investments promotion. The Local Economic and Investments Promotion Office (**LEIPO**), a Division under the Office of the City Mayor created by virtue of Ordinance No. 10, series of 2013 ("An Act Creating the Investment Promotion Office, a Division Under the Office of the City Mayor and Creation of Position Titles in the Same Division") shall operate the LEIPC and shall assist the Board in carrying out the objectives of the Code.

SECTION 13. COMPOSITION OF THE LEIPC. - The Local Economic and Investments Promotion Officer (**LEIPO Officer**) who supervises LEIPO in accordance with the Department of Interior and Local Government (**DILG**) Memorandum Circular No. 2010-113 and Executive Order No. 17-A and 17-B, series of 2012 ("Designation of Acting City Local Economic and Investment Promotion Officer (**LEIPO**) as an additional member of the City Local Governance Performance Management System (**LGPMS**) Committee"), shall lead and manage the operations of the LEIPC. Staff of LEIPO will serve as personnel for LEIPC with detailed responsibilities to be assigned by the LEIPO Officer.

SECTION 14. FUNCTIONS OF THE LEIPC. - The LEIPC shall function as a one-stop-shop for investors and shall serve as the technical secretariat of the Board, taking an active role in implementing the Code. In addition, it shall have the following duties and responsibilities:

- a. Prepare and implement, in coordination with the CDC, the annual investments promotion plan as approved by the Board;



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- b. Receive, process and evaluate applications for registration and applications for the availment of local incentives and submit its recommendation to the Board within a specified period from the official receipt of the application;
- c. Assist in: (1) securing licenses and permits; (2) identifying business or joint venture partners, raw materials suppliers and possible business sites; (3) sourcing skilled manpower and service providers; and (4) facilitating the resolution of issues and concerns encountered by business enterprises, among others;
- d. Facilitate after-care services to Registered Enterprises as well as to investors in general;
- e. Monitor and supervise compliance of Registered Enterprises with their undertakings and the terms of their Certificate of Registration, as well as properly administer the grant of incentives to investors;
- f. Prepare and disseminate investments promotion collaterals, e.g., brochures and a website or specific pages of the website of the City for the purpose of information dissemination, including issuing reminders to Registered Enterprises, and providing information relevant to investors, among other information generally relevant to doing business in the City;
- g. Conduct briefings to potential investors;
- h. Represent the City in trade and investments meetings, conferences, for conventions and other similar gatherings in both domestic and foreign venues as directed by the Board;
- i. Collate, analyze, and compile pertinent data and studies concerning areas that have been or may be declared as IPAs;
- j. Establish cooperative undertakings with other LGUs, the private sector, NGAs/NGOs, or other institutions as may be necessary, useful, and incidental to the effective and efficient implementation of the Code;
- k. To proactively organize and engage in activities that promote the City as an investment destination, including but not limited to, business forums;
- l. To organize and facilitate events that promote locally-generated products, especially made by marginalized groups in the City, including but not limited to, trade fairs; and
- m. Perform such other functions as may be necessary to implement the intent of the Code.



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TITLE V

INVESTMENT PRIORITY AREAS

SECTION 15. THE IPA LIST. - The IPA List, which shall consist of two parts, the MIPA List and the LIPA List, shall be consolidated by the Board and posted on the website of the City and in a newspaper of general circulation in the City at least once in two (2) years. The initial IPA List is as provided under Annex "A".

The MIPA List shall be automatically amended upon the issuance of the revised annual IPP and/or the issuance of any other law granting incentives, fiscal or otherwise, at the national as well as at the local level. Business activities in the MIPA List shall be dropped in accordance with applicable provisions of national law or the repeal of the law that granted local incentives to a particular business activity. No addition or deletion from the MIPA List shall be made in the absence of a corresponding statutory or other basis issued by the national government. The entitlement to incentives of applicants for registration whose business activity belong to the MIPA List shall be mainly governed by the national law or other issuance pursuant to such law.

The LIPA List shall be determined in accordance with the policies and criteria for the identification of priority investment areas and the grant of incentives provided under Section 4 of this Code, and shall be subject to approval by the Sangguniang Panlungsod.

SECTION 16. PERIODIC REVIEW OF THE LIPA LIST. - The Board shall undertake periodic review of the IPAs taking into consideration the socio-economic development plan and public investment plans formulated by the CDC of the City and the preferred areas of investments as provided under pertinent national laws and may amend the same from time to time based on the results of such periodic review. The policies laid down in Section 4 shall likewise govern each and every subsequent amendment of the LIPA List.

The Board shall recommend to the Local Investments and Incentives Board the removal of a business activity from the LIPA List (a) as soon as the sufficient investments in the area has been attained; and (b) continued extension of incentives is no longer to the interest and benefit of the locality.



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TITLE VI

REGISTRATION

SECTION 17. REGISTRATION PREREQUISITE TO AVAILMENT OF INCENTIVES. In the interest of orderly administration of local incentives, in all cases, prior registration with the Board is required in order to avail of local incentives. Those entitled to local incentives under Incentive Laws shall complete their registration with the Board at the soonest time possible after they have secured their Certificate of Registration under the applicable Incentive Law to avoid any inconvenience and disallowance of their claims for local incentives for the period prior to their registration with the Board.

SECTION 18. TYPES OF PROJECTS FOR REGISTRATION. - The following are the types of projects eligible for registration, provided they involve business activities included in the IPA List:

- a. New Projects;
- b. Expansion Projects;
- c. Modernization Projects; and
- d. Diversification Projects.

SECTION 19. REGISTRATION REQUIREMENTS. - The procedure and requirements for application for local incentives shall vary depending on whether or not the applicant has a Certificate of Registration from a Registering Agency pursuant to an Incentive Law.

1. General Requirements

- a. Duly accomplished and notarized application form;
- b. Certified true copy of the primary registration of the applicant to do business in the Philippines as issued by the DTI, SEC, or the CDA, as applicable;
- c. If the applicant has already commenced operation, its latest available comparative audited financial statements acknowledged received by the BIR and the SEC (in the case of corporations); and
- d. Proof of proposed place of business which shall show that the main operating facility, whether a services/manufacturing/production facility or plantation, and not just the warehouse or the administrative office of the applicant is located within the territorial jurisdiction of the City.



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2. Additional Requirements For Those Registered Under An Incentive Law

In general, no additional requirements or conditions shall be imposed on those whose activities are under the MIPA List and have subsisting registration with a Registering Agency under an Incentive Law as would diminish their right to the local incentives granted them by virtue of their registration under said Incentive Law. Nonetheless, in addition to the general requirements in the immediately preceding provision, the following requirements are required to be submitted:

- a. Certified true copy of its Certificate of Registration with the appropriate Registering Agency pursuant to the applicable Incentive Law granting applicant's business, investment incentives, including the terms and conditions of the same;
- b. Proof of commencement of commercial operation, if commercial operation has commenced; and
- c. Copy of the feasibility study/Project Study submitted to the Registering Agency.

3. Additional Requirements For Local Registrants

- a. Project Study;
- b. Proof that the applicant meets the criteria pursuant to which it is claiming eligibility to avail of incentives; and
- c. Other specific permits applicable to the business of the applicant by virtue of its location or the nature of its activity, e.g., environmental clearance certificate (ECC).

SECTION 20. REGISTRATION PROCEDURE. - The procedure for the processing of registration under this Code is as follows:

1. Filing of Applications

All applications shall be filed with the LEIPC together with all the documentary requirements listed above. Prior to acceptance of the application, the LEIPC shall already evaluate the completeness of the application form and the other requirements so that the applicant can be advised immediately of any erroneous or missing documentary requirement. It is only



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upon the determination of completeness of the application form and the supporting documents that the application may be logged in the Registration Application Logbook and the application form is stamped "Received". The date stamped on the application and entered in the Registration Application Logbook shall be considered as the Date of Official Acceptance of the application.

2. Assessment

Simultaneous with the official acceptance of the application, the LEIPC shall issue an Order of Payment for the applicant to already pay a non-refundable filing fee of Two Thousand Pesos (Php2,000.00, **Filing Fee**), or such fee as the Board may thereafter deem reasonable, provided Micro Enterprises shall be exempt from the payment of said Filing Fee.

3. Publication

Except for Micro Enterprises, the application shall be published once in a newspaper of general circulation in the province at the applicant's own expense, in a format indicating the name of the applicant, the area of investment, the capacity applied for and the plant site. Micro Enterprises shall, in lieu of publication, post the fact of application and the same information required to be published in the provincial hall and in the city and barangay hall where the registered place of business is located.

4. Evaluation/Approval of Application

Once an application is officially accepted, the proposed project will be evaluated by the LEIPC, which may conduct ocular inspection at the premises of the business, if necessary. The results of the evaluation by and the recommendation of the LEIPC shall be submitted to the Board and included in the agenda for the immediately succeeding meeting of the Board. The LEIPC shall inform the applicant in writing of the Board action on its application, together with the terms and conditions of the approval/registration.

The Board and LEIPC shall approve or disapprove the application sixty (60) calendar days from the Date of Official Acceptance, in the case of Local Registrants and sixty (60) days for those already registered with Registering Agencies. If no approval or disapproval is issued within the periods indicated,



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at no fault attributable to the applicant, the Board is deemed to have approved the application, thus the Board shall nonetheless issue a Certificate of Registration with the usual terms and conditions.

5. Issuance of Certificate of Registration

Upon approval, an enterprise shall be issued a Certificate of Registration by the Board through the LEIPC, which shall state, among others, the following:

- a. Name of the Registered Enterprise;
- b. The IPA in which the registered enterprise will engage;
- c. The incentives granted and the respective term of each incentive; and
- d. Such other terms and conditions, including but not limited to capacity, to be observed by virtue of its registration.

The Certificate of Registration shall be issued not later than ten (10) working days from the date of approval of the application by the Board or the lapse of the prescribed processing period. The fact of issuance of the Certificate of Registration under this Code shall be recorded in the Registration Book.

TITLE VII

INCENTIVES

SECTION 21. LOCAL FISCAL INCENTIVES UNDER INCENTIVE LAWS. -

Registered Enterprises enjoying incentives under an Incentive Law pursuant to a subsisting Certificate of Registration with a Registering Agency shall only enjoy the fiscal and non-fiscal incentives at the local level that are expressly granted under the Incentive Law under which it is registered and specifically included among the incentives in its Certificate of Registration with the Registering Agency.

A Registered Enterprise which ceases to be registered with a Registering Agency or wishes to avail of local incentives other than those provided under the Incentive Law under which it is registered may apply for incentives under this Code, subject to the registration procedure applicable to Local Applicants.



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SECTION 22. ADMINISTRATION OF LOCAL INCENTIVES GRANTED UNDER INCENTIVE LAWS. - The local incentives of Registered Enterprises pursuant to Incentive Laws shall be subject to the following general policies.

1. Local incentives mandated under national laws shall not be diminished and shall be valid for such period as are allowed under the relevant Incentive Law or as provided under the pertinent Certificate of Registration, provided prior registration is made with the Board, accordingly-
 - a. The term and extent of local incentives as provided under Section 133(g) of the Local Government Code (LGC) does not extend to the payment of mayor's permit and other regulatory fees or charges that the local government unit may have imposed under the local tax ordinance. The revocation of registration of the Registered Enterprise with the BOI, PEZA, TIEZA, or any other Registering Agency terminates automatically the local incentives.
 - b. Unless otherwise amended, duly registered Regional or Area Headquarters or Regional Operating Headquarters of multinational companies shall be exempt from local taxes, fees imposed by the City except real property tax on land improvements and mayor's permit and other regulatory fees or service charges.
 - c. Art. 61 of the Cooperative Code, as amended, provides tax exemptions on the transactions of cooperatives with their members. Unless otherwise amended, cooperatives with accumulated reserves and undivided net savings of not more than Ten Million Pesos (Php10,000,000.00) shall be exempt from all local taxes of whatever name and nature.
 - d. Unless otherwise amended, the pertinent provisions of The Special Economic Zone Act of 1995 (Republic Act No. 7916, as amended; "PEZA Law") provide for exemption from all taxes, including local taxes, of specific ECOZONE locators but in lieu thereof, the concerned ECOZONE locators shall pay a special tax rate of five percent (5%) on gross income.
2. The withdrawal of incentives for violation of the conditions for the grant of the same under the relevant Incentive Law or the pertinent Certificate of Registration shall automatically



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result in the withdrawal of local incentives granted pursuant to such Incentive Law or by virtue of the issuance of the Certificate of Registration by a Registering Agency.

3. The City through its LDC upon recommendation or coordination with the Board, may provide for incentives in addition to incentives provided under the Incentive Laws.

SECTION 23. GENERAL POLICIES IN THE ADMINISTRATION OF INCENTIVES. - Unless specifically provided under an applicable Incentive Law or the LGC, the grant of incentives shall be governed by the following general policies:

1. The grant of local tax exemptions shall not extend to fees and service charges rendered by the City such as garbage fees, sanitary inspection fees, electrical inspection fees and other similar fees, as well as rental for use of public utilities owned and operated by the local government such as charges for actual consumption of water, electric power and toll fees for use of public roads and bridges and the like, and those levied for the use of government facilities and properties.
2. Incentives granted shall take effect from-
 - (a) the Date of Registration until the lapse of the term of such incentive, unless another reckoning date is approved by the Board on justifiable grounds, but in no case beyond six (6) months from the Date of Registration; or
 - (b) such other reckoning as may be prescribed under an applicable Incentive Law; Provided, That in the case of BOI-registered enterprises, their local incentives shall be reckoned from the date of their registration with the BOI, as provided under Section 133(g) of the LGC.
3. In case of change of ownership of the enterprise the Board shall be informed immediately and the local incentives which it is enjoying shall continue to be enjoyed by the enterprise provided that the terms and conditions of the registration of the project are assumed by the new owner/s, Provided further, That if a Registered Enterprise is enjoying local incentives pursuant to an Incentive Law, the Certificate of Registration issued by the Registering Agency remains valid despite the change of ownership. Any change in ownership or in the controlling shareholders of a Registered Enterprise shall be reported to the Board within ten (10) days from change in the controlling shareholders.



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4. The local incentives to which a Registered Enterprise is entitled shall be limited to those specified under its Certificate of Registration from the Board, regardless of the enumerated incentives under this Code.

SECTION 24. FISCAL INCENTIVES. - Local Applicants who have been registered with the Board (**Registered Local Applicants**) may be entitled to the following fiscal incentives, provided that in each case, the actual incentives that a Registered Enterprise may enjoy shall be those that are specifically granted under its Certificate of Registration:

1. Local Business Tax Holiday (**LBT Holiday**)

Registered enterprises shall enjoy exemption from local business tax that is otherwise due on their gross receipts in accordance with the City Revenue Code. The exemption shall be for a term of at least two (2) years but not more than five (5) years. The actual duration of the LBT Holiday shall be determined by the average term using the following criteria:

Criteria	5 years	4 years	3 years	2 years
a. Projected average number of Local Staff starting on the 2 nd year of operation	Over 75 and above	51-75	26-50	25 or less
b. Capitalization	More than Php100,000,001	Php15,000,001 to 100,000,000	Php 3,000,001 to 15,000,000	Php 3,000,000 or less
c. Local raw material content(in terms of value)	more than 20%	more than 15% but less than 20%	more than 10% but less than 15%	Less than 10%
d. Nature of technology used	Locally developed pioneering technology	Pioneering or highly advanced technology	Advanced technology which is not yet widely available	Existing technology in use in the Philippines (readily available technology)



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e. contribution to city's infrastructure stock (PPP component)	76% to 100% funding of infrastructure that can be used for public purposes and within the city's development plan	51 to 75% funding of infrastructure that can be used for public purposes and within the city's development plan	26 to 50% funding of infrastructure that can be used for public purposes and within the city's development plan	0 to 25% funding of infrastructure that can be used for public purposes and within the City's development plan
f. Pollution and Environmental Risk Factor	Negligible	Minimal	Average but fully compliant	Higher than average but compliant
g. Location	Least developed areas as may be defined by the Board	Rural and upland areas as may be defined by the Board	Sub-urban areas close to poblacion and urbanized areas as defined by the Board	Barangays located in the <i>Poblacion</i> area and urbanized areas as defined by the Board

The Local Applicant shall include the foregoing information and the basis thereof in its Project Study, for further verification by the LEIPC.

SECTION 25. NON-FISCAL INCENTIVES. - The Board, through the LEIPC, shall provide the following non-fiscal incentives to Registered Enterprises:

1. Guidance in securing requisite national and local permits for operation of businesses;
2. Assistance in site selection and negotiation for right of way;
3. Joint venture partner identification, partner referral, and identification of possible source of required labor and raw materials;
4. Provision of security assistance, especially to large, sensitive establishments;
5. Networking with concerned national agencies such as Technical Education Skills and Development Authority (TESDA), local universities, vocational-technical centers and other similar institutions for training of workers to enhance manpower skills of the enterprise and assistance in identifying and sourcing of skilled human resources;



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6. Facilitation and/or referral of existing technical, financial, and marketing assistance programs available through national (e.g. DOST, DTI) and local governments;
7. Access to business directory which lists information on Batangas City businesses;
8. Facilitate membership to the Metro Batangas Business Club (final approval to be decided by club members);
9. For Micro Enterprises, they shall be given opportunities to participate in LGU/Non-governmental agency/organization-organized trade fairs and exhibits, entrepreneur development and training, and inclusion in business matching. They may also be encouraged to join the Batangas City Small and Medium Enterprise Association (to be created) to encourage peer learning and support; and
10. Such other aftercare services that may be accorded to investors.

TITLE VIII

CONDITIONS FOR AVAILMENT OF INCENTIVES

SECTION 26. GENERAL CONDITIONS. - Registered Enterprises shall abide by the provisions of this Code and other regulations which the City may impose as well as the terms and conditions specifically imposed in their respective Certificates of Registration. Compliance with the continuing conditions for the availment of the incentives, shall be subject to verification by the Board, and for which reason it shall have visitorial power. Non-compliance by a Registered Enterprise with the conditions of its registration shall be sufficient basis for the Board to exercise its authority under Title XII of this Code.

SECTION 27. VISITORIAL POWER AND SCOPE OF POWER. - Without prejudice to the regulatory powers of the City over businesses within its jurisdiction, as provided under the LGC, the visitorial power of the City provided under this Code shall be exercised for the purpose of ensuring that the Registered Enterprises continue to satisfy all the terms and conditions of its registration with the Board and continues to meet or satisfy the basis or criteria that rendered them eligible for registration with the Board.

SECTION 28. CONTINUING ELIGIBILITY FOR REGISTRATION. - A Registered Enterprise shall continue to satisfy whatever criteria rendered it eligible for registration under this Code. Accordingly, if a Local Applicant was qualified for registration under this Code on account of the amount of manpower, nature of



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technology, or local raw material that it represented will be used in its production, the Board, through the LEIPC, shall have the authority to inspect the Registered Enterprise to verify that it is in fact using the technology or the local raw material that it represented will be used. If the Registered Enterprise ceases to meet the said registration criteria that rendered it eligible for registration under

this Code, the Board shall have the authority to suspend all or some of the incentives of the Registered Enterprise or to revoke its registration.

SECTION 29. PERIODIC AND OTHER COMPLIANCE REQUIREMENTS.

Nothing under this Code exempts a Registered Enterprise from applicable requirements of the City on businesses, as generally applicable to all businesses or specifically applicable to the business activity or circumstances of the Registered Enterprise. Accordingly, Registered Businesses, shall secure and comply with all the requirements to secure a Business Permit and renew the same annually.

Except as expressly provided under this Code or the Incentive Law under which they are likewise registered, Registered Enterprises shall comply with all applicable laws as other enterprises engaged in the same business as they are engaged in are required to comply with.

SECTION 30. ADDITIONAL CONDITIONS ON REGISTERED ENTERPRISE UNDER THE MIPA LIST.

- Those enjoying incentives by virtue of their registration with a Registering Agency and pursuit of a business activity in the MIPA List shall submit annually to the LEIPC an original copy of a certification from the Registering Agency that it continues to be registered with said Registering Agency and that it remains in good standing as such and thus fully entitled to all the incentives granted under its Certificate of Registration. Failure to submit such certificate to LEIPC on or before every anniversary date of the Registered Enterprise's registration with the Registering Agency shall authorize the Board to exercise its authority under Title XII of this Code.

TITLE IX

CORPORATE SOCIAL RESPONSIBILITY

SECTION 31. CSR REQUIREMENT. - BOI-registered enterprises with projects under pioneer status must undertake CSR activities which shall be monitored starting on the fourth year of operation of



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the business enterprise. Those on non-pioneer status are encouraged, in the course of their operations, to undertake CSR activities in accordance with the development plan of the community where the registered project is located.

Registered Local Applicants, on the other hand, are encouraged to pursue CSR projects as soon as they can afford to allocate resources for the purposes; however, it shall be mandatory for Registered Local Applicants to pursue CSR projects starting on their fourth year of operation if they enjoy local incentives for a term of more than three (3) years.

SECTION 32. ELIGIBLE CSR PROJECTS. - CSR projects which a Registered Enterprise may undertake include but shall not be limited to the following:

1. Social Projects
 - a. Community infrastructure projects aligned with the development plan of the City, including but not limited to water systems, drainage systems, and small access roads;
 - b. Housing for employees and low-income groups;;
 - c. Livelihood initiatives, including but not limited to training of modern techniques in agriculture and other sectors identified as priority by the City;
 - d. Educational projects;
 - e. Cultural revivals;
 - f. Programs for women, children, elderly, disabled, out of school youth and indigenous people; and
 - g. Such other projects or activities based on the development needs of the community where the project is located or as identified by the National Anti-Poverty Commission (NAPC).
2. Urban Renewal, Greening or Re-greening
 - a. Rehabilitation and restoration of buildings or other structures in accordance with the urban renewal or restoration plan of the City;
 - b. Reforestation, rehabilitation, and urban greening or landscaping of major road sides; areas with historical or tourism value; areas in bio-geographic zones, especially key biodiversity areas; eroded slopes as technically appropriate based on assessment by competent authorities; public open spaces especially in residential and commercial areas including street



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islands, parks, promenades, parking area peripheries, and the like, provided that the enterprise takes care of the maintenance of the trees and plants. Otherwise, reimbursement of the incentive granted shall be due and demanded should the trees and plants die due to poor maintenance.

TITLE X

ENVIRONMENTAL PROTECTION

SECTION 33. ENVIRONMENTAL POLICY. - Environmentally critical projects or enterprises locating their activities or expansion projects in environmentally critical areas must comply with the requirements of Presidential Decree No. 1586 (Philippine Environmental Impact Statement System) and related issuances of the Department of Environment and Natural Resources (DENR) and all the applicable provisions of The Batangas City Environmental Code.

Projects involving the handling, transport, processing and storage of toxic, hazardous substances and/or nuclear waste shall be subject to strict regulations as provided under applicable local issuances and national laws. The Sanggunian of the City with the conformity of the City Mayor shall have the option to exclude such projects from being entitled to local incentives except to the extent that they fall under the MIPA List.

TITLE XI

BUDGET APPROPRIATIONS

SECTION 34. APPROPRIATIONS. - The expenditures to operationalize the Board and the LEIPC shall be provided through regular or supplemental budget. The City shall appropriate the funds necessary for the implementation of the provisions of this Code based on a budget that may be presented by the Board to include Personal Services, Maintenance and Other Operating Expenses (MOOE), Capital Outlay, and Contingency.

SECTION 35. REVENUES FROM THE OPERATION OF THE CODE. - Income derived from the operation of this Code shall go to a special account or trust account captioned "Local Economic and Investments Promotion Fund" (LEIP Fund), which shall be used for the operation and maintenance and other operating expenses of the Board, LEIPC, including investments promotion expenses of the City.



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SECTION 36. IMMEDIATE RELEASE OF FUND. - For purposes of expediting the operations of the LEIPC, its allocation for the Local Economic and Investments Promotion Fund shall be released, subject to the usual government accounting and auditing rules and regulations.

TITLE XII

PENALTIES

SECTION 37. PENALTIES. - The Certificate of Registration issued under this Code may be cancelled/revoked or the incentives of the Registered Enterprise temporarily suspended upon any of the grounds provided in this code. The cancellation or revocation of the Certificate of Registration shall mean withdrawal of all incentives granted under this Code.

In case of cancellation or revocation of its Certificate of Registration due to fraudulent misrepresentation relating to a matter that would have otherwise disqualified from or rendered it ineligible for registration under this Code, the Board shall require the refund of all incentives availed of. The effect of the cancellation or revocation of the Certificate of Registration of a Registered Enterprise shall retroact to the day when the continuing condition for registration under the Code, as provided in the terms and conditions of the Certificate of Registration is proven to have been violated/had ceased to exist.

The Board shall adopt a table of fines and penalties for violations that may be committed by Registered Enterprises of a less serious nature that do not justify the imposition of the penalty of cancellation of the Certificate of Registration. The Board is likewise authorized to give Registered Enterprises a grace period within which they have to remedy any violation committed, whenever such grace period is justified or the violation is of a nature that can be remedied.

Nothing under this Code prevents the imposition of other penalties that are properly imposable under applicable law depending on the nature of violation committed by a Registered Enterprise, as determined by the appropriate regulatory authority.

SECTION 38. GROUNDS FOR CANCELLATION OF CERTIFICATE OF REGISTRATION. - The grounds for cancellation of Certificate of Registration are as follows:



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1. Violation of any of the provisions of the Code and such other violation of the relevant laws, rules and regulations or ordinances issued pursuant to or in relation to this Code;
2. Violation of material term/condition specified in the Certificate of Registration issued under this Code; or
3. Fraudulent misrepresentation by an enterprise in relation to its application for the grant of incentives under this Code or in any other document required to be submitted pursuant to this Code.

The Board may impose a lesser penalty of temporary suspension of the incentives granted to the Registered Enterprise if the gravity of the violation, act, or omission committed by a Registered Enterprise is not of a serious nature as determined by the Board or the subsequent conduct or other relevant circumstances of the Registered Enterprise would justify the imposition of a less grave penalty than revocation of the Certificate of Registration of the Registered Enterprise.

SECTION 39. PROCEDURE FOR SUSPENSION OF INCENTIVES, CANCELLATION, OR REVOCATION OF CERTIFICATE OF REGISTRATION. -

The Board, upon a written complaint filed by any interested party or *motu proprio*, may commence proceedings for the cancellation or revocation of the Certificate of Registration issued to an enterprise under this Code. Within ten (10) working days from receipt of a written complaint, the Board shall assess whether there is a *prima facie* case for suspension, cancellation or revocation based on such complaint. Should it find that there is a *prima facie* case for suspension, cancellation or revocation, the Board shall issue a show cause notice indicating the ground for suspension, cancellation or revocation and the specific circumstances constituting such ground, and directing the enterprise to explain within ten (10) working days from receipt of the notice why its Certificate of Registration should not be revoked, cancelled or suspended. A copy of the written complaint shall be attached to the show cause notice. Within ten (10) working days from receipt of explanation of the enterprise together with its supporting documents, if any, the Board shall schedule a hearing and notify the enterprise of such hearing. Within five (5) days from the conduct of such hearing, the Board shall decide whether or not to suspend the incentives, cancel or revoke the enterprise' Certificate of Registration based on evidence on record. The enterprise concerned shall be notified in writing of the decision of the Board.



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SECTION 40. MOTION FOR RECONSIDERATION. - The applicant or business enterprise whose Certificate of Registration has been cancelled or revoked may file a motion for reconsideration with the Board within fifteen (15) days from receipt of the Board's decision, otherwise the decision shall become final and executory.

TITLE XIII

FINAL PROVISIONS

SECTION 41. COORDINATION AMONG LGUs. - The City may as much as possible modify its systems and procedures in the issuance of applicable permits and licenses to be consistent with the provisions of this Code. The Sanggunian may coordinate or consult with the Sanggunian or Board of concerned LGUs on matters pertaining to incentives such as real property tax, to allow them to align or harmonize their incentives.

SECTION 42. SEPARABILITY CLAUSE. - If, for any reason, any portion or provision, section or part of the Code is declared not valid by a court of competent jurisdiction or suspended or revoked by the Sanggunian, such judgment shall not affect vested rights.

SECTION 43. CONSTRUCTION OF THIS CODE. - The provisions of this Code shall be construed in harmony with the provisions of existing laws such as but not limited to the Omnibus Investment Code, the PEZA Law, and the Foreign Investments Act of 1991 (Republic Act No. 7042, as amended).

SECTION 44. REPEALING CLAUSE. - City Ordinance No. 3 S. of 2009, rules and regulations or parts thereof are hereby considered repealed accordingly.

SECTION 45. IMPLEMENTING RULES AND REGULATIONS. - The Board may issue rules and regulations as it deems necessary to aid in the orderly operation of this Code and administration of incentives allowed to be extended under this Code.

SECTION 46. PROSPECTIVE APPLICATION. - All ordinances amending this Code, including the IPA List shall take effect prospectively and shall not be construed to adversely affect or impair the vested rights granted to Registered Enterprises pursuant to their Certificate of Registration.



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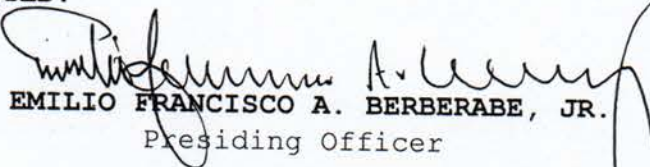
SECTION 47. TRANSITORY PROVISION. - All enterprises already enjoying incentives from the City at the time this Code takes effect shall be required to comply with the requirements of the Code prospectively. In the interest of ensuring uniformity of treatment, registration in accordance with this Code shall still be required, however, their belated registration shall not result in any impairment or diminution of their incentives or imposition of any penalty. The enterprises covered under this provision shall have thirty (30) days to comply with the registration requirement and shall provide the latest available version of the documentary requirements listed under Section 18 of this Code.

SECTION 48. DATE OF EFFECTIVITY. - This Code shall take effect upon approval by the City Mayor and after its publication once a week for two (2) consecutive weeks in a newspaper of general circulation.

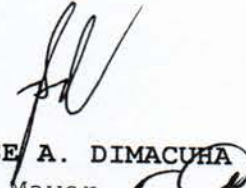
ENACTED by the Sangguniang Panlungsod of Batangas City this 27th day of June, 2016.


ATTY. OLIVA D. TELEGATOS
Secretary
Sangguniang Panlungsod

ATTESTED:


EMILIO FRANCISCO A. BERBERABE, JR.
Presiding Officer

APPROVED:


BEVERLY ROSE A. DIMACUBA
City Mayor

Date Approved: July 18, 2016



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ANNEX A

INVESTMENT PRIORITY AREAS

Part I

MANDATORY INVESTMENT PRIORITIES LIST

1. The Local Government Code of 1991 (LGC)

- a. Exemption from local taxes, fees and charges on **agricultural and aquatic products when sold by marginal farmers or fishermen**(Sec. 133 (f)); and
- b. Exemption from local taxes, fees, or other charges on **Philippine products actually exported**, except as otherwise provided in the LGC (Sec. 133 (m)).

2. Omnibus Investments Code (EO 226)

- a. Regional or area headquarters (RHQ) and regional operating headquarters of multinational companies (ROHQ)

Exemption from all kinds of local taxes, fees, or charges of the regional or area headquarters and regional operating headquarters of multinational companies except real property tax on land improvements and equipment (Article 66);

- b. Under the Investments Priorities Plan (IPP) for 2012 issued by the BOI, the following are the preferred activities entitled to incentives subject to prior registration with the BOI:

- i. **Agriculture/Agribusiness and Fishery**

This covers commercial production and commercial processing of agricultural, herbal and fishery products (including their by-products and wastes), agriculture- and fishery-related activities such as irrigation, post harvest, cold storage, blast freezing, and the production of fertilizers and pesticides.

- ii. **Creative Industries/Knowledge-Based Services**

This covers business process outsourcing (BPO) activities, and IT and IT-enabled services that involve original content.



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iii. Shipbuilding

This covers the construction and repair of ships, shipbreaking/ship recycling.

iv. Mass Housing

This covers the development of low-cost mass housing and the manufacture of modular housing components preferably using indigenous materials.

v. Iron and Steel

This covers basic iron and steel products, long steel products (billets and reinforcing steel bars), and flat hot-/cold-rolled products.

vi. Energy

This covers the exploration, development, and/or utilization of energy sources adopting environmentally friendly technologies.

vii. Infrastructure

This covers transport, water, logistics, waste management facilities, physical infrastructure (tollways, railways and telecommunication facilities), and public-private partnership (PPP) projects.

viii. Research and Development

This covers R&D activities and the establishment of research/ testing laboratories, Centers of Excellence (COE) and technical vocational education and training institutions.



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ix. Green Projects

This covers the manufacture/assembly of goods and the establishment of energy efficiency-related facilities (such district cooling systems), 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.

x. Motor Vehicles

This covers the manufacture/assembly of motor vehicles, including alternative fuel vehicles (AFVs) and electric vehicles (EVs) but excluding 2-stroke motorcycles, and manufacture of motor vehicles parts and components.

xi. Strategic Projects

This covers projects that exhibit very high social economic returns that will significantly contribute to the country's economic development.

xii. Hospital/Medical Services

This covers the establishment and operation of primary and secondary hospitals.

xiii. Disaster Prevention, Mitigation and Recovery Projects

This covers projects that will prevent or mitigate adverse impacts of calamities and disasters (e.g., installation of flood control systems, installation of early warning systems for typhoons, earthquake occurrences, tsunami, volcanic eruptions, dikes, etc.), projects to rehabilitate areas affected by calamities and disasters (e.g., rebuilding of roads and bridges after earthquakes/floodings, volcanic eruptions, oil spill clean-up, etc.), training for disaster preparedness, mitigation or recovery/rehabilitation/ reconstruction.



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The following are in the mandatory list of activities under the 2012 IPP:

i. **Industrial Tree Plantation**

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

ii. **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.

iii. **Publication or Printing of Books/Textbooks**

This covers printing, re-printing, publication and content development of books or textbooks.

iv. **Refining, Storage, Marketing and Distribution of Petroleum Products**

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

v. **Ecological Solid Waste Management**

This covers the establishment of waste recycling facilities.

vi. **Clean Water Projects**

This covers the establishment of wastewater treatment facilities, sewage collection integrated with treatment facilities, and the adoption of water pollution control technology, cleaner production, and waste minimization.

vii. **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, homes, residential



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communities or retirement villages solely to suit the needs and requirements of persons with disability.

viii. **Renewable Energy**

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

ix. **Tourism**

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

- Tourist transport services whether for land, sea and air transport for tourist use;
- Establishment and operation of:
 - o Accommodation establishments such as but not limited to hotels, resorts, apartment hotels, tourist inns, motels, pension houses, private homes for homestay, ecolodges, condotels, serviced apartments, and bed and breakfast facilities;
 - o Convention and exhibition facilities or "meetings, incentives, conventions and exhibition" (MICE) facilities;
 - o Amusement parks;
 - o Adventure and ecotourism facilities;
 - o Sports facilities and recreational centers;
 - o Theme parks;
 - o Health and wellness facilities such as but not limited to spas, tertiary hospitals, and ambulatory clinics;
 - o Agri-tourism farms and facilities; and
 - o Tourism training centers and institutes.
- Development of retirement villages;
- Restoration/preservation and operation of historical shrines, landmarks and structures.



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Exemption from local taxes on business enterprises certified by the Board of Investments (BOI) as pioneer or non-pioneer for a period of six (6) and four (4) years, respectively from the date of registration (Sec. 133 (g) LGC);

3. Philippine Cooperative Code of 2008 (RA 6938)

- a. Exemption of duly registered cooperatives which do not transact any business with non-members or the general public from taxes (Article 60);
- b. Exemption of duly registered cooperatives transacting business with both members and non-members from taxes on their transactions with members. Specifically, the following incentives are granted to cooperatives dealing with non-members (Article 61):
 - i. Exemption of cooperatives with accumulated reserves and undivided net savings of not more than Ten Million Pesos (P10,000,000.00) from national and local taxes of whatever name or nature;
 - ii. Exemption of all cooperatives, regardless of the amount of accumulated reserves and undivided net savings, from local taxes and taxes on transactions with banks and insurance companies, provided, that all sales or services rendered for non-members shall be subject to the applicable percentage taxes except sales made by producers, marketing, or service cooperatives.
- c. Grant of privileges to cooperatives as provided in Article 62 which include:
 - i. Privilege of depositing their sealed cash boxes or containers, documents or any valuable papers in the safes of the municipal or city treasurers and other government offices free of charge, and the custodian of such articles shall issue a receipt acknowledging the articles received duly witnessed by another person;



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- ii. Free use of any available space in their agency, whether owned or rented by the Government, for cooperatives organized among government employees, notwithstanding any law or regulation to the contrary;
- iii. Preferential right of appropriate cooperatives to supply government institutions and agencies rice, corn and other grains, fish and other marine products, meat, eggs, milk, vegetables, tobacco and other agricultural commodities produced by their members;
- iv. Preferential treatment in the allocation of fertilizers, including seeds and other agricultural inputs and implements, and in rice distribution;
- v. Preferential and equitable treatment in the allocation or control of bottomries of commercial shipping vessels in connection with the shipment of goods and products of cooperatives;
- vi. Preferential rights in the management of public markets and/or lease of public market facilities, stalls, or spaces of cooperatives and their federations, such as farm and fishery producers and suppliers, market vendors and such other cooperatives, which have for their primary purpose the production and/or the marketing of products from agriculture, fisheries, and small entrepreneurial industries and federations thereof, provided, these rights shall only be utilized exclusively by cooperatives and that no cooperative forming a joint venture, partnership, or any other similar arrangement with a non-cooperative entity can utilize these rights;
- vii. Preferential right to the management and operation of public terminals and ports whether land or sea transport where the cooperative operates and to securing a franchise for active or potential routes for public transport;
- viii. Exemption of cooperatives transacting business with the Government of the Philippines or any of its political subdivisions or any of its agencies or instrumentalities,



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including government-owned and controlled corporations from prequalification bidding requirements, notwithstanding the provisions of RA 9184, otherwise known as, the Government Procurement Act;

- ix. Privilege of being represented by the provincial or city fiscal or the Office of the Solicitor General, free of charge, except when the adverse party is the Republic of the Philippines;
- x. Preferential right of cooperatives organized by faculty members and employees of educational institutions in the management of the canteen and other services related to the operation of the educational institution where they are employed provided that such services are operated within the premises of the said educational institution.

4. The Special Economic Zone Act of 1995 (RA 7916)

- a. Entitlement to fiscal incentives of business establishments operating within the ECOZONES as provided under Presidential Decree No. 66, the law creating the Export Processing Zone Authority ("PD 66"), or those provided under Book VI of EO 226 (Section 23)
 - i. Exemption from local taxes of foreign and domestic merchandise, raw materials, supplies, articles, equipment, machineries, spare parts and wares of every description, except those prohibited by law, brought into the zone to be sold, stored, broken up, repacked, assembled, installed, sorted, cleaned, graded, or otherwise processed, manipulated, manufactured, mixed with foreign or domestic merchandise whether directly or indirectly related in the registered activity except as otherwise provided in EO 226 (Article 77);
 - ii. Exemption from local taxes, fees, imposts, and licenses except real estate taxes of zone-registered enterprises to the extent of their construction, operation or production inside the zone, provided, that machineries owned by zone registered enterprises which are actually installed and



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operated in the zone for manufacturing, processing, or for industrial purposes shall not be subject to the payment of real estate taxes for the first three (3) years of operation of such machineries (Article 78 (a));

- iii. Exemption from real property taxes on production equipment or machineries not attached to real estate, used directly or indirectly, in the production, assembly, or manufacture of the registered product of the zone registered enterprise (Article 78 (b));
 - b. Exemption of business establishments operating within the ECOZONE from national and local taxes except for real property taxes on land owned by developers and in lieu thereof, a five percent (5%) tax on gross income shall be imposed which shall be remitted as follows: three percent (3%) to the National Government, and two percent (2%) to the treasurer's office of the municipality or city where they are located (Section 24)
- 5. Magna Carta for Countryside and Barangay Business Enterprises (RA 6810)**
- a. Exemption of all countryside and barangay business enterprises ("CBBEs") registered under RA 6810 from all taxes, national or local, license and building permit fees and other business taxes, except real property and capital gains taxes, import duties and other taxes on imported articles (Section 3)
 - b. Exemption from any and all government rules and regulations in respect of assets, income, and other activities, indispensably and directly utilized in, proceeding from, or connected with the business of the enterprise (Section 3)

All the exemptions and other benefits provided in RA 6810 shall, after due notice and hearing, be forfeited in case of any violation of the provisions of said law by the CBBE or by any of its officers and authorized representatives (Section 7).

The exemptions and other benefits provided in RA 6810 shall apply for a period not exceeding five (5) years from the date of the registration of the CBBE, provided such CBBE is registered within five (5) years from the effectivity of RA 681014.



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6. BOT Law (RA 6957)¹

Entitlement to incentives as provided under EO 226 of projects in excess of One Billion Pesos (Php1,000,000,000) upon registration with the BOI (Section 10).

7. Iron and Steel Industry Act (RA 7103)²

- Entitlement of each certified enterprise to generate its own electricity, either directly or through co-generation, build-operate-and-transfer, and other contract and provision of infrastructure under BOT arrangement through negotiated contract (Section 6)

All fiscal incentives under RA 7103 shall apply for a duration consistent with the provisions of EO 226, provided, that in less developed areas, the duration shall be for fifteen (15) years. All other incentives embodied in RA 7103 shall apply for a period of fifteen (15) years from the effectivity of said law (Section 8).

8. Jewelry Industry Development Act of 1998 (RA 8502)

- a. Authority for jewelry enterprises to buy gold and silver directly from other sources (Section 3(f))
- b. Inclusion of locally-manufactured jewelry in the government's tourist duty free shops including the promotion, advertisement and sale thereof (Section 3(g))

Jewelry enterprises availing of incentives provided under RA 8502 shall still be eligible to incentives provided under other special laws such as RA 7844 (Export Development Act of 1994), RA 7916 (Special Economic Zone Act of 1995), EO 226 (BOI Omnibus Investments Code), among others, provided, that the activity is export-oriented and that there is no double availment of the same incentives (Section 3 (h)).

9. Magna Carta for Persons with Disability (RA 7277)³

¹ Already included in the IPP of 2012

² Already included in the IPP of 2012

³ Already included in the IPP of 2012



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- a. Realty tax holiday for the first five (5) years of operation and priority in the building and/or maintenance of provincial or municipal roads leading to the home, residential community or retirement village of individuals or non-governmental institutions establishing homes, residential communities or retirement villages solely to suit the needs and requirements of persons with disability (Section 33 (b));
 - b. Local manufacturing or technical aids and appliances used by persons with disability shall be considered as a preferred area of investment subject to the provisions of EO 226 and, as such, shall enjoy the rights, privileges and incentives as provided in EO 226 such as, but not limited, to the following:
- 10. Inventors and Invention Incentives Act of the Philippines (RA 7459)**
- a. Exemption of inventors, as certified⁴ by the Filipino Investors Society and duly confirmed by the Screening Committee, from payment of license fees, permit fees and other business taxes in the development of their particular inventions and from payment of any fees involved in their application for registration of their inventions (Article III, Section 5)
 - b. Exemption of the manufacture or sale of technologies/inventions from payment of license, permit fees, customs duties, and charges on imports (Article III, Section 6)
- 11. Traditional and Alternative Medicine Act (TAMA) of 1997 (RA 8423)**
- Exemptions, deductions, and other tax incentives as provided under EO 226 in favor of manufacturers of traditional and alternative health care products like herbal medicinal plants (Section 14).
- 12. Organic Agriculture Act of 2010 (RA 10068)**
- a. Grant of incentives for the production and propagation of organic farm inputs by maximizing their use in all government and government-supported agricultural production, research, and demonstration programs (Section 24)

⁴ The certification shall state that the manufacture of the invention is made on a commercial scale



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- b. Grant of incentives to farmers whose farms have been duly certified as compliant to the Philippine National Standard (Section 24)
- c. Assistance to organic input producers and organic farmers through the provision of adequate financial, technical, marketing, and other services and resources which include (Section 24):
 - i. Identification by LGUs of local taxes that may be offered as incentives to organic input production and utilization; and
 - ii. Subsidies for certification fees and other support services to facilitate organic certification.

Tax incentives shall be given only to purely organic agriculture entities/farmers and shall be subject to the accreditation of the BAFPS and periodic reporting by the BAFPS to the Department of Finance, provided, that the said incentives shall be available only to micro, small and medium enterprises as defined under Section 3 of RA 9501 or the Magna Carta for Micro, Small and Medium Enterprises (Section 24).

13. Export Development Act of 1994 (RA 7844)⁵

Grant of incentives under EO 226 to exporters as provided under the Export Development Act (Section 16)

14. Urban Development Housing Act of 1992 (RA 7279)⁶

Grant of incentives to the private sector as follows (Section 20):

- i. Reduction and simplification of qualification and accreditation requirements for participating private developers;
- ii. Creation of one-stop offices in the different regions of the country for the processing, approval and issuance of clearances, permits and licenses: Provided, That clearances, permits and licenses shall be issued within ninety (90) days from the date of submission of all requirements by the participating private developers;

⁵ In view of the lack of IRR for the law, this law was hardly implemented

⁶ Already included in the IPP of 2012



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- iii. Exemption from payment of donor's tax for lands certified by the local government units to have been donated for socialized housing purposes;

The local government units shall be charged with the implementation of RA 7279 in their respective localities, in coordination with the Housing and Urban Development Coordinating Council, the national housing agencies, the Presidential Commission for the Urban Poor, the private sector and other non-government organizations (Section 39).

15. The Tourism Act of 2009 (RA 9593)⁷

- a. Entitlement of tourism enterprises not located within TEZs to avail of economic incentives found under existing laws such as EO 226, Republic Act No. 7042, as amended by RA 8179, otherwise known as the Foreign Investments Act, the Special Economic Zone Act, among others, and the Bases Conversion Development Act, among others, subject to the last paragraph of Section 86(a), at the option of the said enterprises (Section 88).
- b. Entitlement of tourism enterprises to avail of incentives under EO 226 at the option of such enterprises provided, that (Section 88 (c)):
 - i. Tourism activities shall always be included in the Investment Priorities Plan;
 - ii. Rules and regulations concerning the grant of incentives to tourism enterprises shall be jointly formulated by the BOI and the Department of Tourism;

⁷ Already included in the IPP of 2012



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- iii. The income tax holiday, provided under Section 39.1 of EO 226 shall also apply to existing accommodation enterprises undergoing substantial capital infusion for expansion or substantial upgrade of facilities; and
- iv. Accredited tourism enterprises shall be entitled to import transportation and accompanying spare parts free of taxes and duties, provided, however, that such transportation shall be exclusively used by the enterprise in its operations, and that such are not manufactured domestically in sufficient quantity, comparable quality and prices.

The incentives offered under RA 9593 shall be without prejudice to the availment of other incentives provided under other laws, such as, but not limited to, those concerning infrastructure, or micro-, small- and medium enterprises. However, where such laws provide for similar incentive schemes as those contained in RA 9593, the investor may elect to avail of the scheme provided only under one particular law, decree, or issuance.

- c. Exemption of Duty Free Philippines Corporation from local taxes and fees imposed by local government units.

16. Philippine Mining Act of 1995 (RA 7942)⁸

- a. Entitlement of contractors in mineral agreements, financial or technical assistance agreements to applicable fiscal and non-fiscal incentives as provided under EO 226, provided that holders of exploration permits may register with the BOI and be entitled to fiscal incentives under the said EO 226 for the duration of the permits or extensions thereof (Section 90)
- b. Exemption from real property tax and other taxes of pollution control devices acquired, constructed, or installed by contractors which shall not be considered as improvements on the land or building where they are placed (Section 91)

⁸ Already included in the IPP of 2012



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17. Downstream Oil Industry Deregulation Act of 1998⁹

- a. Grant of incentives which are the same as those granted to BOI-registered enterprises engaged in a preferred area of investments pursuant to EO 226 to persons with new investments as determined by the Department of Energy and registered with the BOI in refining, storage, marketing and distribution of petroleum products which incentives include exemption from real property tax on production equipment or machineries (Section 9)
- b. Any provision of law to the contrary notwithstanding, the said incentives may be availed by persons with new investments for a period of five (5) years from registration with the BOI, provided, that in the storage, marketing and distribution of petroleum products, only the investments of new industry participants shall be entitled to incentives provided in EO 226. The phrase, "marketing of petroleum products", include the establishment of gasoline stations.

18. Barangay Micro Business Enterprises (BMBEs) Act of 2002 (RA 9178)

The LGUs are encouraged either to reduce the amount of local taxes, fees and charges imposed or to exempt the BMBEs from local taxes, fees and charges (Section 7).

19. Philippine Clear Water Act of 2004 (RA 9275)¹⁰

Grant of applicable fiscal and non-fiscal incentives as may be provided for under EO 226 to industrial wastewater treatment and/or adoption of water pollution control technology, cleaner production and waste minimization technology which shall be classified as preferred area of investment under BOI's annual priority plan (Section 26)

20. Renewable Energy Act of 2008 (RA 9513)¹¹

Grant of incentives to renewable energy (RE) developers of renewable energy facilities, including hybrid systems, to the extent of the RE component, for both power and non-power applications, as duly certified by the Department of Energy in

⁹ Already included in the IPP of 2012

¹⁰ Already included in the IPP of 2012

¹¹ Already included in the IPP of 2012



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consultation with BOI which incentives include special realty tax rates on equipment and machinery, and other improvements of a registered RE Developer actually and exclusively used for RE facilities, i.e. not exceeding one and one-half percent (1.5%) of original cost less accumulated normal depreciation or net book value. In case of an integrated resource development and generation facility as provided under RA 9136, the real property tax shall only be imposed on the power plant (Section 15)

The tax exemptions and/or incentives shall be availed of by registered RE Developer of hybrid and cogeneration systems utilizing both RE sources and conventional energy, however, the tax exemptions and incentives shall apply only to the equipment, machinery and/or devices utilizing RE resources (Section 19).

Fiscal incentives under RA 9513 shall be terminated after a cumulative period of twenty (20) years from date of registration or start of commercial operation, whichever is applicable, except that it could be extended with regard to industries deemed indispensable to national development (Section 21).

**Part II
LOCAL INVESTMENT PRIORITY AREAS**

In addition to the areas identified in Part I, the following priority areas will be granted fiscal and non-fiscal incentives as per Section 24 and 25 of this Code, provided that the establishment is a Registered Enterprise as per Title VI of this Code. In case incentives are already being provided as indicated in Part I as per existing national laws, superior incentives will prevail.

1. Information Technology and Business Process Outsourcing

This area covers enterprises that are engaged in IT-related processes, including but not limited to technology incubation, and business process outsourcing activities. This does not include internet cafes and similar establishments.



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2. Logistics (and Re-Packing), Port-Oriented, and Other Heavy Industries

This area covers port-oriented enterprises, including logistics and re-packing enterprises which aim to utilize the City as a hub for said projects. Other heavy industries, including power and heavy manufacturing (e.g. steel/ metal) are also considered priority areas.

3. Eco-Tourism

This area covers enterprises that seek to establishment eco-tourism activities in identified potential areas, including but not limited to, Tingga Falls, Mt. Banoy, and Matoco Point.

4. Organic Agriculture

This area covers enterprises that seek to undertake businesses related to the cultivation, farming, and sale of organic agriculture produce.

**REPUBLIC OF THE PHILIPPINES
BATANGAS CITY**

OFFICE OF THE SANGGUNIANG PANLUNGSOD

**EXCERPT FROM THE MINUTES OF THE REGULAR SESSION HELD BY THE
MEMBERS OF THE SANGGUNIANG PANLUNGSOD OF BATANGAS CITY
ON JUNE 27, 2016 AT THE SANGGUNIAN SESSION HALL**

PRESENT:

Hon. Emilio Francisco A. Berberabe Jr.,	Presiding Officer
Hon. Glenn M. Aldover,	Councilor
Hon. Claudette U. Ambida-Alday,	"
Hon. Hamilton G. Blanco,	"
Hon. Aileen Grace A. Montalbo,	"
Hon. Sergie Rex M. Atienza,	"
Hon. Armando C. Lazarte,	"
Hon. Alyssa Renee A. Cruz-Atienza,	"
Hon. Gerardo A. dela Roca,	"
Hon. Ma. Kristine Josefina G. Balmes,	"
Hon. Julian B. Villena,	"
Hon. Angelito "Dondon" A. Dimacuha,	(ABC-Rep.)

"On motion of Councilor Montalbo seconded by Councilor Dela Roca, the following Resolution was Adopted:


RESOLUTION NO. 156 S. 2016

APPROVING THE BATANGAS CITY INVESTMENT INCENTIVE CODE

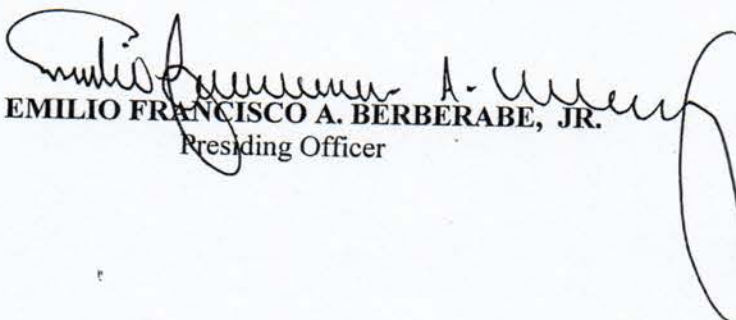
RESOLVED, to approve on Second and Final Reading the Ordinance entitled: "Ordinance Enacting the Batangas City Investment Incentive Code of 2014".

UNANIMOUSLY APPROVED."

I hereby certify that the foregoing Resolution No. 156 S. 2016 was approved by the Sangguniang Panlungsod of Batangas City during its Regular Session held on June 27, 2016.


ATTY. OLIVA D. TELEGATOS
Secretary
Sangguniang Panlungsod

ATTESTED:


EMILIO FRANCISCO A. BERBERABE, JR.
Presiding Officer

ODT/ystingchuy...



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COMMITTEE REPORT

SUBMITTED BY : THE COMMITTEE ON LAWS, RULES AND REGULATIONS

SUBJECTS : Proposed Ordinance entitled "Ordinance Enacting the Batangas City Investment Code of 2014".

COMMENTS:

Referred to the Committee on Laws, Rules and Regulations was the above proposed ordinance for study, comments and recommendation.

A hearing was conducted on March 18, 2016 attended by the Chairman and members of the committee and other members of the Sangguniang Panlungsod. Also present was Ms. Marizel Hidalgo-Melo of LEIPO.

Finding no legal impediment with the subject, and finding that the proposed ordinance is in consonance with law and would be beneficial to the City Government, the Committee recommends:

1. The adoption of this Committee Report
2. To report the Proposed Ordinance for Second and Final reading on the next regular session.

Respectfully submitted, March 21, 2016.


THE COMMITTEE ON LAWS, RULES AND REGULATIONS


COUN. ALYSSA RENEE A. CRUZ-ATIENZA
Chairman


COUN. MA. CLAUDETTE U. AMBIDA
Member


COUN. ARMANDO C. LAZARTE
Member


COUN. SERGIO REX M. ATIENZA
Member


COUN. AILEEN GRACE A. MONTALBO
Member