

TAX INCENTIVES IN THE PHILIPPINES AND EASE OF DOING BUSINESS

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TAX INCENTIVES on TRANSPORT INFRASTRUCTURE AND RENEWABLE ENERGY

Incentives on Transport Infrastructure

- Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law

Incentives on Renewable Energy

- Renewable Energy Act of 2008 (R.A. 9513)



TAX INCENTIVES on TRANSPORT INFRASTRUCTURE

Eligible Transport Infrastructure Projects

Establishment and operation of physical infrastructures such as:

- Airports and Seaports which are included in the government's infrastructure development policy and other relevant plans
- Mass Rail transport system for passengers and cargoes in line with the transport development plans and programs of the Department of Transportation (DOTr) and the Department of Science and Technology (DOST), where applicable

Eligible Transport Infrastructure Projects

Development and/or operation of Tollways

- When development and operation of Tollways are undertaken by separated entities, both may qualify for incentives
- However, developer of tollways is entitled to incentives on capital equipment directly needed for the operation of the tollways.

Incentives for Transport Infrastructure

- ✓ 6 years Income Tax Holiday (ITH)
- ✓ Duty exemption on importation of capital equipment, raw materials, spare parts, or accessories
- ✓ 5 years Enhanced Deductions after the Income Tax Holiday (ITH)

Incentives for Transport Infrastructure

Enhanced Deductions

- ✓ Additional depreciation allowance of assets- +10% for buildings and +20% for machinery and equipment
- ✓ 50% additional deduction on labor expense
- ✓ 100% additional deduction on R&D
- ✓ 100% additional deduction on training expense given to Filipino employees
- ✓ 50% additional deduction on domestic input expense
- ✓ 50% additional deduction on power expense;
- ✓ Enhanced Net Operating Loss Carry Over (NOLCO) from 3 years to 5 years



TAX INCENTIVES on
RENEWABLE ENERGY PROJECTS
(R.A. 9513)

Eligible Renewable Energy Projects

- Developers of Renewable Energy Facilities, including hybrid systems
- Manufacturers, fabricators and suppliers of locally-produced renewable energy equipment and components
- Must have Dept. of Energy (DOE) Certificate of Registration, Certificate of Accreditation or Endorsement, whichever is applicable

**Incentives for
Renewable
Energy Projects
under RA 9513**

- ✓ 7 years Income Tax Holiday (ITH)
- ✓ 10% Corporate Tax Rate after the ITH
- ✓ Duty free importation of Renewable energy machinery, equipment and materials
- ✓ Net Operating Loss Carry Over
- ✓ Accelerated Depreciation

**Incentives for
Renewable
Energy Projects
under RA 9513**

- ✓ Value Added Tax (VAT) Zero rate on sale of fuel or power generated
- ✓ Cash Incentive for missionary electrification
- ✓ Tax exemption of carbon credits
- ✓ Tax credit on domestic capital equipment and services



**Ease of Doing Business and Efficient
Government Services
(*R.A. 11032 - Delivery Act of 2018*)**

3 - 7- 20 Rule

Standard Processing Time of Applications

Applications/requests acted upon not longer than

3 working days for simple

7 working days for complex

20 working days for highly technical transactions and activities which pose danger to public health, safety, morals and policy

Re-engineering

- ✓ Reduction in the number of approving signatures to not more than 3
- ✓ Simplification of forms and documentary requirements
- ✓ Automation or computerization of processes and services
- ✓ E-governance

Information and Accountability

- ✓ Citizen Charter Information Billboard with current and updated service standards
- ✓ Zero Contact Policy
- ✓ Accountability of Heads of Offices
- ✓ Anti Red Tape Authority (ARTA)

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