

MEMORANDUM CIRCULAR NO. 2022-003
Series of 2022

TO : ALL BOI CLIENTS AND ALL OTHERS CONCERNED

SUBJECT : AMENDMENTS TO THE SPECIFIC GUIDELINES OF ACTIVITIES IN SUPPORT OF EXPORTERS UNDER THE 2020 INVESTMENT PRIORITIES PLAN (IPP)

WHEREAS, the BOI Memorandum Circular No. 2021-001 entitled "General Policies and Specific Guidelines to Implement the 2020 Investment Priorities Plan" was approved by the Board and Published on 09 February 2021;

WHEREAS, R.A. 11534 (CREATE Act) was signed by the President on 26 March 2021 which took effect on 11 April 2021 and its Implementing Rules and Regulations (IRR) was published on 26 June 2021;

WHEREAS, Sections 6 (b) and (c), and 7 of R.A. 7916, otherwise known as "The Special Economic Zone Act of 1995", as amended, sets the criteria for the establishment of economic zones (ecozones) which include the availability of infrastructure (e.g. transportation infrastructure such as roads, railways, ports, airports, and telecommunications infrastructure, etc.); water source and electric power supply for use of the ecozone; and, other facilities needed to generate linkage with industries and employment opportunities for its own inhabitants and those of nearby towns and cities;

WHEREAS, Rule 13, Section 1(c) of the IRR of the CREATE Act, provides for the minimum contiguous land area that vertical economic zones should comply;

WHEREAS, Rule 4, Section 5 of the IRR of the CREATE Act, provides that all such areas under Memorandum Order No. 50, approving the 2020 IPP, signed by the President on 18 November 2020, which took effect on 06 December 2020, and its General Policies and Specific Guidelines to implement the 2020 IPP shall be open for application until the publication of the Strategic Investment Priority Plan (SIPP) under the Act;

WHEREAS, Rule 4, Section 8 of the IRR of the CREATE Act, provides that subject to publication requirements and the criteria for investment priority determination, the BOI may, at any time, include additional areas in the SIPP, alter any of the terms of the declaration of an investment area, and temporarily suspend projects or activities therein if it considers that such project or activity is no longer a priority within the effectivity of the SIPP;

WHEREAS, Rule 4, Section 9 of the IRR of the CREATE Act, provides upon approval of the plan, in whole or in part, or upon approval of an amendment thereof, the plan or the amendment, specifying and declaring the preferred areas of investments shall be published in at least one (1) newspaper of general circulation or the Official Gazette: Provided, that all such areas in the existing SIPP shall be open for application until publication of an amendment or deletion thereof;

WHEREAS, the BOI is mandated to promote and generate foreign and local investments, and develop globally competitive industries. As such, the Agency pursues robust industrial policy to further enable major industries and stimulate productivity and job creation;

WHEREAS, the Board conducted a review of M.C. 2021-001 to consider the recent developments in the industry and adopt reasonable and justifiable positions of the private sector and related government agencies;

NOW THEREFORE, in order to effectively carry out the intent and purpose of R.A. 11534, the Board in its meeting on 28 April 2022 and by virtue of Board Resolution No. 12-02, Series of 2022, respectively, with a quorum duly present, approved the following:

Amendments on the Specific Guidelines of Export Activities under the 2020 IPP also known as the transitional Strategic Investment Priority Plan (SIPP):

II. EXPORT ACTIVITIES

XXX

3. Activities in Support of Exporters

XXX

e. Logistics Services

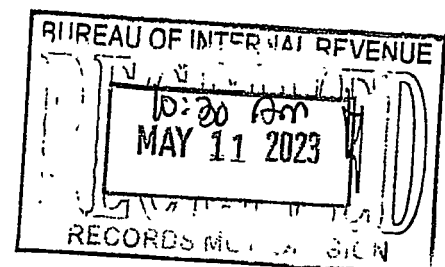
This covers logistics integrated services which must involve warehousing, inventory management and transport of goods. Mere trucking or forwarding services are excluded.

f. Development and Operation of Economic Zones; and industrial parks and Buildings for Exporters

This covers the development and operation of economic zones, and industrial parks within export or freeport zones with integrated facilities for export-oriented enterprises. Economic zones and industrial parks shall have infrastructure such as paved roads, power system, water supply, drainage system, sewerage treatment facilities, pollution control systems, communication facilities, and other infrastructure/facilities needed for the operation of exporters located therein.

This also covers the development and management of new buildings located outside NCR, declared as an economic zone or within export or freeport zones, with a minimum contiguous land area of 10,000 square meters with the following features:

- o High-speed fiber-optic telecommunication backbone and high-speed international gateway facility or wide-area network (WAN); or any high-speed data telecommunication system that may become available in the future;
- o Clean¹, uninterruptible power supply;
- o Computer security and building monitoring and maintenance systems (e.g., computer firewalls, encryption technology, fluctuation controls, etc.); and
- o Any other requirements as may be determined by the Board of the concerned IPAs.



At least seventy percent (70%) of the leasable/saleable areas shall be dedicated to exporters.²

Revenues arising from clients/tenants engaged in activities that are not allowed pursuant to the definition of a registered business enterprise under Section 293(M) of the CREATE Act will not be entitled to the ITH incentive.

Phased development of an economic zone or industrial park may be allowed provided that the whole project is completed within five (5) years unless otherwise approved by the Board of the concerned IPA.

These amendments shall apply to all projects qualified under CREATE Act.

Footnotes:

¹ Clean power supply is electrical power that is free from voltage spikes and drops. It is electricity using alternating current (AC) that oscillates at a perfect 60 Hz with no noise or distortion in the line showing the current's frequency (a perfect sine wave). Voltage ripple or power supply noise that is outside of the ideal sinusoidal waveform, which are, in turn called, dirty power supply or polluted power.

² For IPA-registered business enterprises (RBEs) this means exporting at least 70% of its total production/service as defined under Sec. 293(E) of the CREATE Act. For non-IPA registered enterprises this means exporting at least 60% of its output as defined under Sec. 3(e) of the FIA, as amended.

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

Done in the City of Makati, this 1st day of June 2022, in the year of the Lord, Two Thousand and Twenty Two.

BY AUTHORITY OF THE BOARD


DR. CEFERINO S. RODOLFO
Undersecretary and BOI Managing Head

SECRETARY'S CERTIFICATE

This is to certify that Memorandum Circular No. 2022-003 has been approved by the BOI through Board Resolution Number 12-02, Series of 2022 dated 28 April 2022.


For: ATTY. ELY JEAN DC PORTOZA
Board Secretary

