

# REGISTRATION OF ENERGY PROJECTS

UNDER THE CREATE ACT (RA 11534)

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# ABOUT US



The Board of Investments (BOI) an attached agency of the Department of Trade and Industry (DTI) and its investments promotion arm.

Lead investment promotion agency along with the other 18 Investments Promotion Agencies (IPAs) in the Philippines. As such, it is at the forefront of the government's efforts to attract quality investments.



# PHILIPPINE INVESTMENT PROMOTION PLAN

The Philippines has a network of 19 IPAs tasked to formulate and develop strategies to position the country as among prime destinations for investments and is divided into three (3) clusters based on the priority industries, geographic locations and strengths of each IPA:

## Manufacturing & Logistics



## Tourism Cluster



## Agro-Industrial



# CREATE ACT (RA 11534)

- ✓ Amended incentives provisions of E.O. 226 (Omnibus Investment Code of 1987) and other incentives laws
- ✓ Covers all Investment Promotion Agencies (IPAs)
- ✓ IPAs shall maintain their functions under the laws governing them
- ✓ BOI shall formulate the Strategic Investment Priority Plan (SIPP)
- ✓ All IPAs will use and follow one SIPP
- ✓ New Incentives Regime for Qualified Projects (new or expansion)
- ✓ Qualification of projects is based on Industry Tier and Location

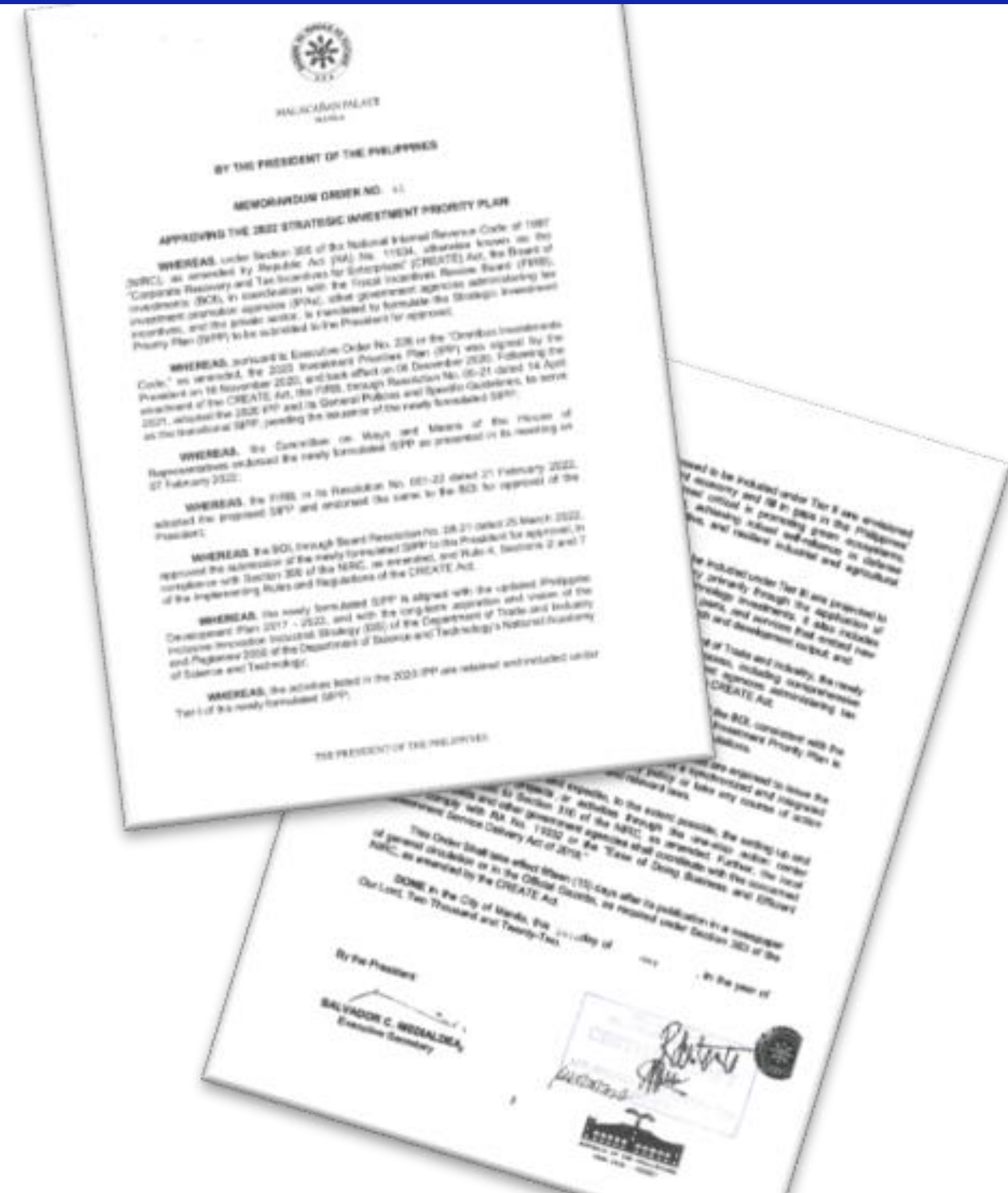


# STRATEGIC INVESTMENT PRIORITY PLAN (SIPP)

- ✓ The country's investment plan containing the list of priority activities for investment promotion and facilitation and supported through fiscal and non-fiscal incentives as provided in the CREATE Act.
- ✓ Categorizes activities into Industry Tiers I, II and III
- ✓ Memorandum Order No. 61 (Approving the 2022 SIPP)
  - Effectivity: 11 June 2022

BOI Memorandum Circular No. 2022-007 (Implementing Guidelines)

- Effectivity upon publication: 12 August 2022 (Philippine Star)



# SIPP INDUSTRY TIERS

## TIER I

- ✓ High potential for job creation
- ✓ Takes place in sectors with market failures resulting in under provision of basic goods & services
- ✓ Generates value creation through innovation, upgrading, moving up the value chain
- ✓ Provides essential support for sectors critical to industrial development
- ✓ Emerging industries owing to potential comparative advantage

## TIER II

- ✓ Activities that produce supplies, parts & components, and intermediate services that are not locally produced but are critical to industrial development & import substituting activities, including crude oil refining

## TIER III

- ✓ Research & development activities; breakthroughs in science and health
- ✓ Generation of new knowledge & intellectual property
- ✓ Commercialization of patents, industrial designs, copyrights, & utility models owned or co-owned by a registered business enterprises;
- ✓ Highly technical manufacturing;
- ✓ Critical to structural transformation of the economy and require substantial catch-up efforts.

# TIER I

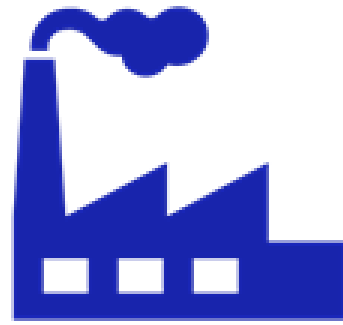
## A. Preferred Activities



Qualified Activities  
Relating to the Fight  
against COVID-19



Activities in Support of  
Government Programs  
(e.g., Balik Probinsya,  
Bagong Pag-asa)



All Qualified  
Manufacturing Activities  
incl Agro-Processing



Agriculture,  
Fishery, and  
Forestry



Strategic Services (e.g.,  
charging/refueling  
stations for alternative  
energy vehicles)



Healthcare and Disaster  
Risk Reduction  
Management Services



Mass Housing



Infrastructure and  
Logistics incl LGU-PPPs  
(e.g., LNG Storage &  
Regasification Facility;  
Pipeline for Oil & Gas)



Innovation Drivers



Inclusive Business  
Models



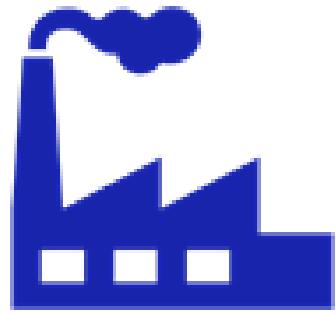
Environment &  
Climate Change-  
Related Projects



Energy (Power  
generation using  
conventional fuels;  
waste heat; BESS)

# TIER I

## B. Export Activities



Production and Manufacture of Export Products



Services Exports (i.e. Contact Centers)



Activities in Support of Exporters

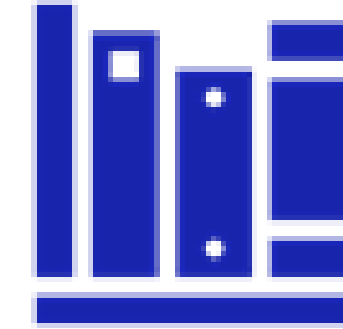
## C. Special Laws



Industrial Tree Plantation



Mining (Limited to Capital Equipment Incentive)



Mining (Limited to Capital Equipment Incentive)



Refining, Storage, Marketing & Distribution of Petroleum Products



Renewable Energy



Tourism



Rehabilitation and Self Development of PWDs



Energy Efficiency and Conservation



# TIER II

## **Industrial Value Chain Gaps**

- Iron and Steel production
- Cooper and Nickel production

## **Green Ecosystems**

- Electric Vehicle (EV) assembly, manufacture of EV parts, components and systems
- Establishment and operations of EV infrastructure (i.e. charging stations)
- Renewable energy
- Energy efficiency and conservation
- Energy storage technologies

## **Health-related activities**

- Manufacture of vaccines

## **Defense related activities**

- Manufacture of handguns
- Shipbuilding vessels for the Philippine Navy

## **Food Security related activities**

- Integrated dairy production and processing

# TIER III



## **R&D and activities adopting advanced digital production technologies of the 4th Industrial Revolution**

- AI and robotics
- Hyperscalers and data centers using RE



## **Highly technical manufacturing and production of innovative products**

- Household appliance manufacturing with integrated R&D
- R&D center for automation manufacturing of telecom and broadband equipment
- Camera components manufacturing with integrated R&D



## **Innovation support facilities**

- S&T hubs, R&D hubs
- Centers of Excellence

# INCENTIVES PACKAGE UNDER CREATE ACT

- ✓ Income Tax Holiday (ITH) for 4-7 years
- ✓ Special Corporate Income Tax (SCIT) at 5%
- ✓ Enhanced Deductions
  - Depreciation Allowance of Assets - additional 10% for buildings; and additional 20% for machineries and equipment
  - Additional Deduction on Labor Expense, R&D Expense, Training Expense, Domestic Input Expense, Power Expense, and Reinvestment Allowance to Manufacturing Industry; Enhanced Net Operating Loss Carry Over (NOLCO)
- ✓ Duty exemption on importation of Capital Equipment, raw materials, spare parts, or accessories
- ✓ VAT exemption on importation and VAT Zero-rating on local purchases



# INDUSTRY TIERS - PROGRESSION OF INCENTIVES

	TIER I		TIER II		TIER III	
LOCATION	EXPORT	DOMESTIC	EXPORT	DOMESTIC	EXPORT	DOMESTIC
<b>National Capital Region</b>	<b>14</b> 4 years ITH + 10 years ED/SCIT	<b>9</b> 4 years ITH + 5 years ED	<b>15</b> 5 years ITH + 10 years ED/SCIT	<b>10</b> 5 years ITH + 5 years ED	<b>16</b> 6 years ITH + 10 years ED/SCIT	<b>11</b> 6 years ITH + 5 years ED
<b>Metropolitan Areas or Areas Contiguous and Adjacent to NCR</b>	<b>15</b> 5 years ITH + 10 ED/SCIT	<b>10</b> 5 years ITH + 5 years ED	<b>16</b> 6 years ITH + 10 years ED/SCIT	<b>11</b> 6 years ITH + 5 years ED	<b>17</b> 7 years ITH + 10 years ED/SCIT	<b>12</b> 7 years ITH + 5 years ED
<b>All Other Areas</b>	<b>16</b> 6 years ITH + 10 years ED/SCIT	<b>11</b> 6 years ITH + 5 years ED	<b>17</b> 7 years ITH + 10 years ED/SCIT	<b>12</b> 7 years ITH + 5 years ED	<b>17</b> 7 years ITH + 10 years ED/SCIT	<b>12</b> 7 years ITH + 5 years ED

# REGISTRATION WITH BOI

## INCENTIVES AVAILMENT

BOI-registered companies in the Philippines are entitled to fiscal and non-fiscal incentives under the CREATE Act

## CREDIBILITY

Registration adds credence to companies that helps them qualify for bank financing and attract potential foreign investors.

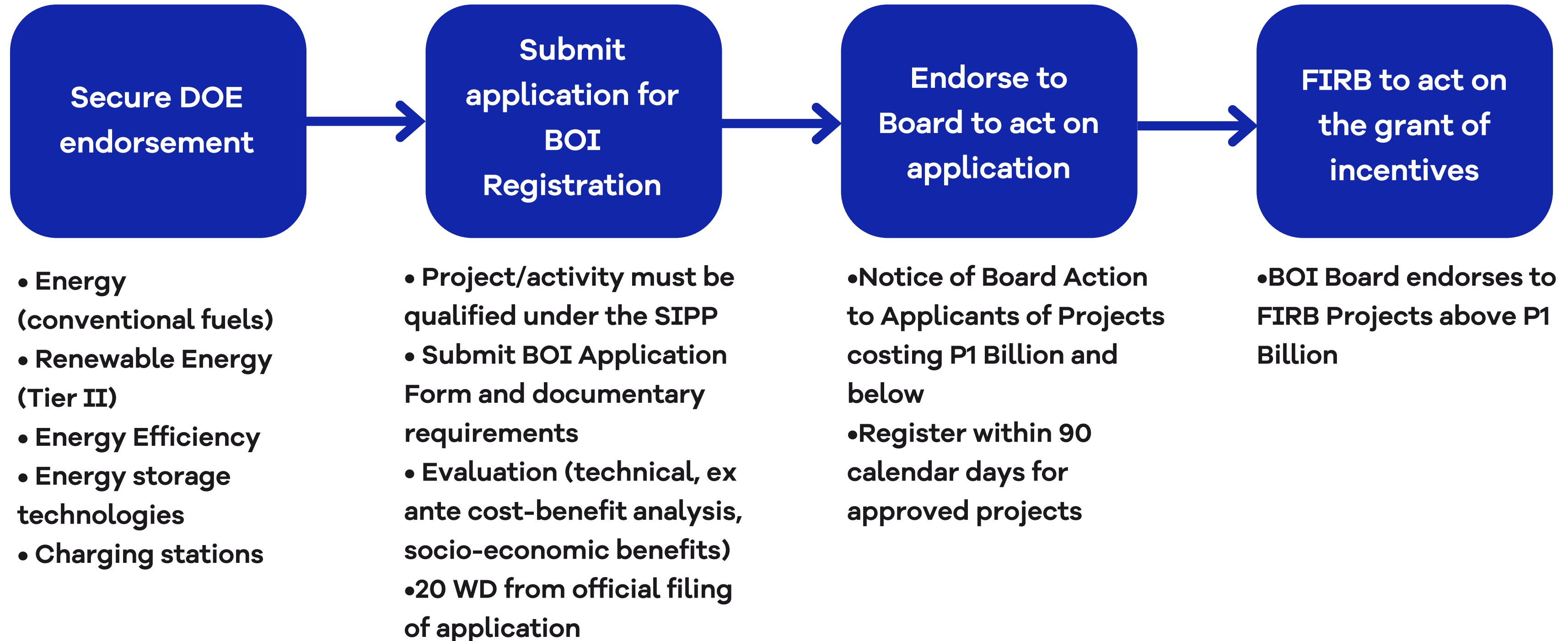
## DOCUMENTARY REQUIREMENTS

- BOI Application Form 501
- Business Registration (SEC, DTI)
- Audited Financial Statements
- Financial Projects
- Business Model and Process Flowchart

Go to [www.boi.gov.ph](http://www.boi.gov.ph) for complete list of requirements.



# REGISTRATION PROCESS



# REGISTERED BUSINESS ENTERPRISE (RBE)



- ✓ Any individual, partnership, corporation, Philippine branch of a foreign corporation, or other entity organized and existing under Philippine laws, whose proposed activity/project is listed in the current SIPP
- ✗ Excludes service enterprises such as those engaged in:
  - customs brokerage,
  - trucking or forwarding services,
  - janitorial services,
  - security services,
  - insurance, banking, and other financial services,
  - consumers' cooperatives,
  - credit unions,
  - consultancy services,
  - retail enterprises,
  - restaurants

# QUALIFIED EXPANSION PROJECT

- ✔ A project of an existing enterprise that would involve:
  - installation of additional facilities or equipment, or
  - infusion of additional investmentthat will result in increase in capacity of the same or similar activity within the same existing plant or facility of the enterprise and additional benefits to the economy
- ✔ Includes modernization and rehabilitation resulting in the upgrade of the product or service
- ✔ Registered expansion projects may be granted an Income Tax Holiday incentive of three (3) years.





# WANT TO TALK?

**CONTACT US**

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