

**MALACAÑANG
MANILA**

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 307

CREATING A TASK FORCE ON ADDITIONAL INCENTIVES PACKAGE TO INVESTORS

WHEREAS, international attention on Asia Pacific Economic Cooperation (APEC) activities has stirred up business interest and focus on the Philippine business environment;

WHEREAS, the Philippines has inherent advantages of skilled, highly flexible, productive and English-speaking labor force but pales in comparison to its neighbors especially in terms of infrastructure support and up front incentives in infrastructure, core industries and the service sector, including financial institutions;

WHEREAS, a competitive set of incentives to be given to large investment projects which are pioneer, involve high technology, are high risk but strategic, and are geared towards exports will result in a globally competitive Philippines;

WHEREAS, a review of existing tax and non-tax incentives is necessary to take advantage of APEC's success and help translate interest into concrete investments;

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, do hereby create a Task Force on additional incentives package on investments, composed of the Executive Secretary and the Department of Trade and Industry Secretary as co-chair with representatives not lower than Undersecretary level from the following agencies as members: Department of Transportation and Communications, Department of Finance, National Power Corporation, Metropolitan Waterworks and Sewerage System, Bureau of Internal revenue and Department of Labor and Employment.

The Task Force shall be responsible for the following functions:

1. Discuss non-tax incentives in addition to those already existing by law which includes, among others:
 - a. provision of land grants, free land or land with nominal rentals for use of environmentally-safe projects;
 - b. provision of flexible and concessional financing packages;
 - c. provision of consistent available power supply with minimal upsurges/downsurges (specifically identifying sources and capacities) for specific sectors, e.g., wafer fabs;
 - d. assurance of steady water supply with high quality (specifically identifying sources and capacities);

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- e. provision of ports and facilities to achieve minimum turnaround in specific high-tech zones, e.g., electronics;
 - f. Research and development and training components of identified projects should be encouraged (grants or double deduction).
2. Review the following measures with regard to tax incentives:
- a. ensuring the uniformity of incentives applicable to enterprises locating in ecozone and non-ecozone areas taking into consideration constitutional limitations;
 - b. allowing flexibility in the grant on incentives depending of the needs of the project where availability of incentives shall be dependent according to the relevance to a project;
 - c. consideration in the Comprehensive Tax Reform package of
 - o incentives as deduction from taxable income for research and development, market development and training
 - o net operating loss carry-over (NOLCO) and accelerated depreciation (AD)
 - o incentives for use of local brands
 - o incentive for environmentally-safe practices equivalent to 0.5% of sales
 - o insurance incentives
 - o expansion reinvestment allowance
3. Submit a report to the Cabinet on agreed actions on the above matters not later than 31 December 1996.

The Department of Trade and Industry shall provide secretariat support to the Task Force.

DONE in the City of Manila, this 5th day of December in the year of Our Lord, Nineteen Hundred and Ninety-Six.

By the President:


RUBEN D. TORRES
Executive Secretary

