



Philippine Economic Zone Authority





Philippine
Economic
Zone
Authority

“INTERNATIONAL BEST PRACTICES AND PRACTICAL EXPERIENCES IN SEZs”

A Presentation for:

**ADB’s KNOWLEDGE-SHARING SESSIONS FOR
MONGOLIA: DEVELOPING THE ECONOMIC
COOPERATION ZONE PROJECT**

A CASE STUDY ON THE PHILIPPINES: THE PEZA EXPERIENCE

Via Zoom

31 March 2021, 14:00 H (Manila and Ulaanbaatar Time)

Philippine Economic Zone Authority

An investment promotion and incentive granting agency attached to the Department of Trade and Industry. The PEZA Board is chaired by the DTI Secretary while the Vice Chair and Chief Executive Officer is the PEZA Director General.

PEZA took over the functions of the former Export Processing Zone Authority (EPZA) in 1995.

PEZA supervises economic zones that are proclaimed under its mandate nationwide.

Philippine Economic Zone Authority

Support government's efforts to:

Promote Investment

Create Employment

Generate Export



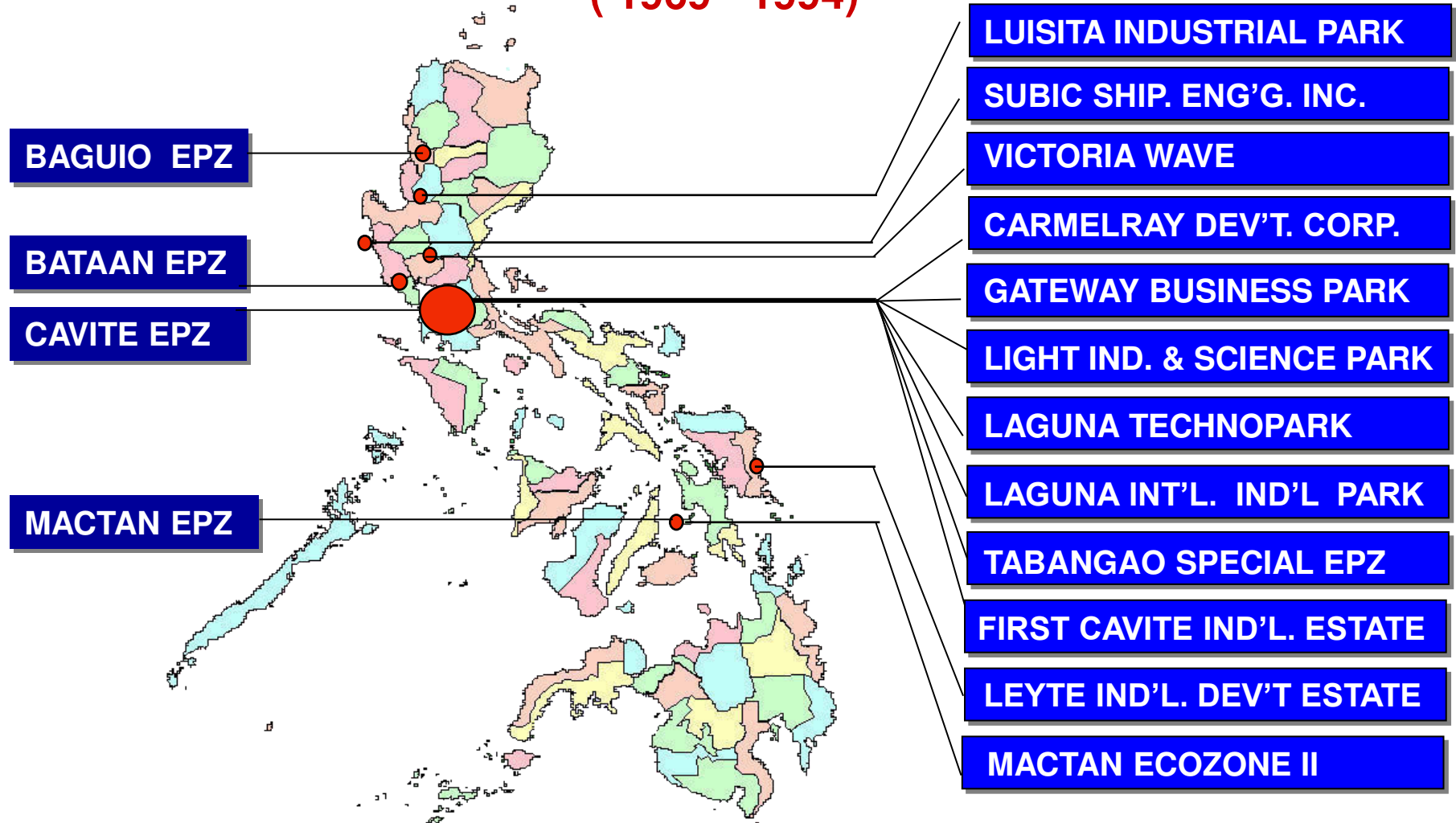
Philippine Economic Zone Authority

2 Requirements for PEZA Enterprises:

- 1. Activity: must be export-oriented activity**
- 2. PEZA Zone: activity must be done in any PEZA Economic zone**

16 EPZA- REGISTERED PUBLIC & PRIVATE ECONOMIC ZONES

(1969 - 1994)



Total Area : 3,183 hectares



MAJOR POLICY THRUST

Since 1995, PEZA has ceased developing economic zones.

PEZA instead encouraged the private sector to develop, maintain and operate economic zones at no cost to PEZA or the government.



410 Operating Economic Zones Nationwide

76

Industrial and Export Processing Zones

290

IT Parks and Centers

19

Tourism Ecozones

3

Medical Tourism Parks

22

Agro-Industrial Parks

As of December 2020



PARTNERSHIP WITH FOREIGN COMPANIES

Marubeni	–	Lima Technology Center and First Cavite Industrial Estate
Sumitomo	–	First Philippine Industrial Park
Mitsubishi and Kawasaki Steel	–	Laguna Technopark
Mitsui	–	Light Industry & Science Park
Nisho Iwai	–	Carmelray Industrial Park 1
Jurong Town (Ascendas)	–	Carmelray Industrial Park 2
Itochu	–	Luisita Industrial Park
Tsuneishi	–	West Cebu Industrial Park
Kao Corp	–	Jasaan Misamis Oriental Ecozone
Samsung	-	Calamba Premiere



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EPZA LOCATOR COMPANIES 331

(as of February 1995)



TOTAL PEZA LOCATOR COMPANIES

4,643

As of November 2020



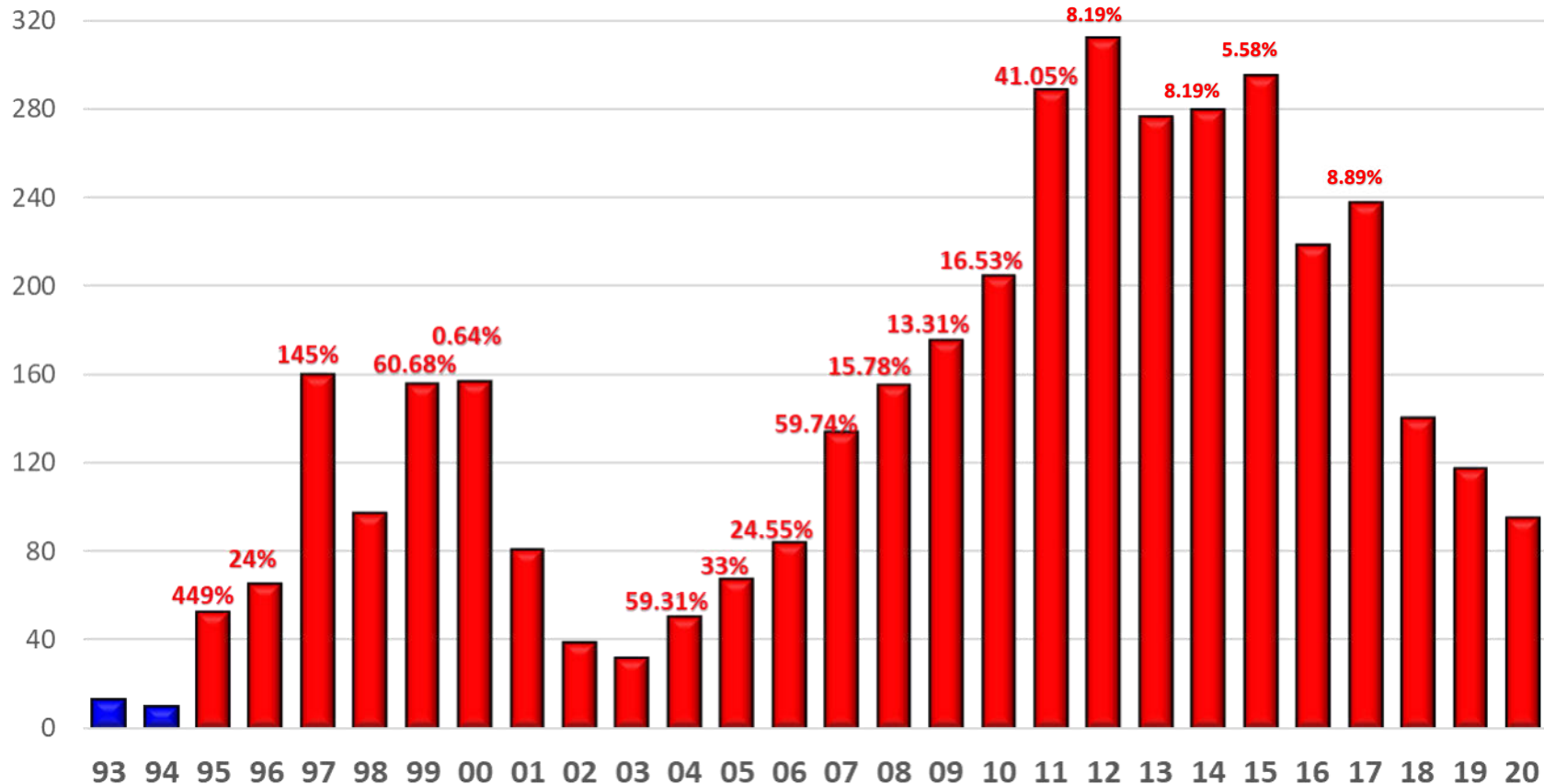
ECONOMIC ZONE INVESTMENTS

EPZA

'86 – '93 12.7B
1994 9.6B

PEZA

1995	52.5 B
1996	65.3 B
1997	159.7 B
1998	96.9 B
1999	155.7 B
2000	156.7 B
2001	80.8 B
2002	38.7 B
2003	31.7 B
2004	50.5 B
2005	67.2 B
2006	83.7 B
2007	133.7 B
2008	154.8 B
2009	175.4 B
2010	204.4 B
2011	288.3 B
2012	311.9 B
2013	276.1 B
2014	279.5 B
2015	295.1 B
2016	218.2 B
2017	237.6 B
2018	140.2 B
2019	117.5 B
2020	95.0 B



1995 – 2020 Economic Zone Investments : P 3.967 Trillion



60% of yearly Investments come
from Expansion and New Projects
of Existing PEZA Enterprises



TOTAL PEZA EXPORTS

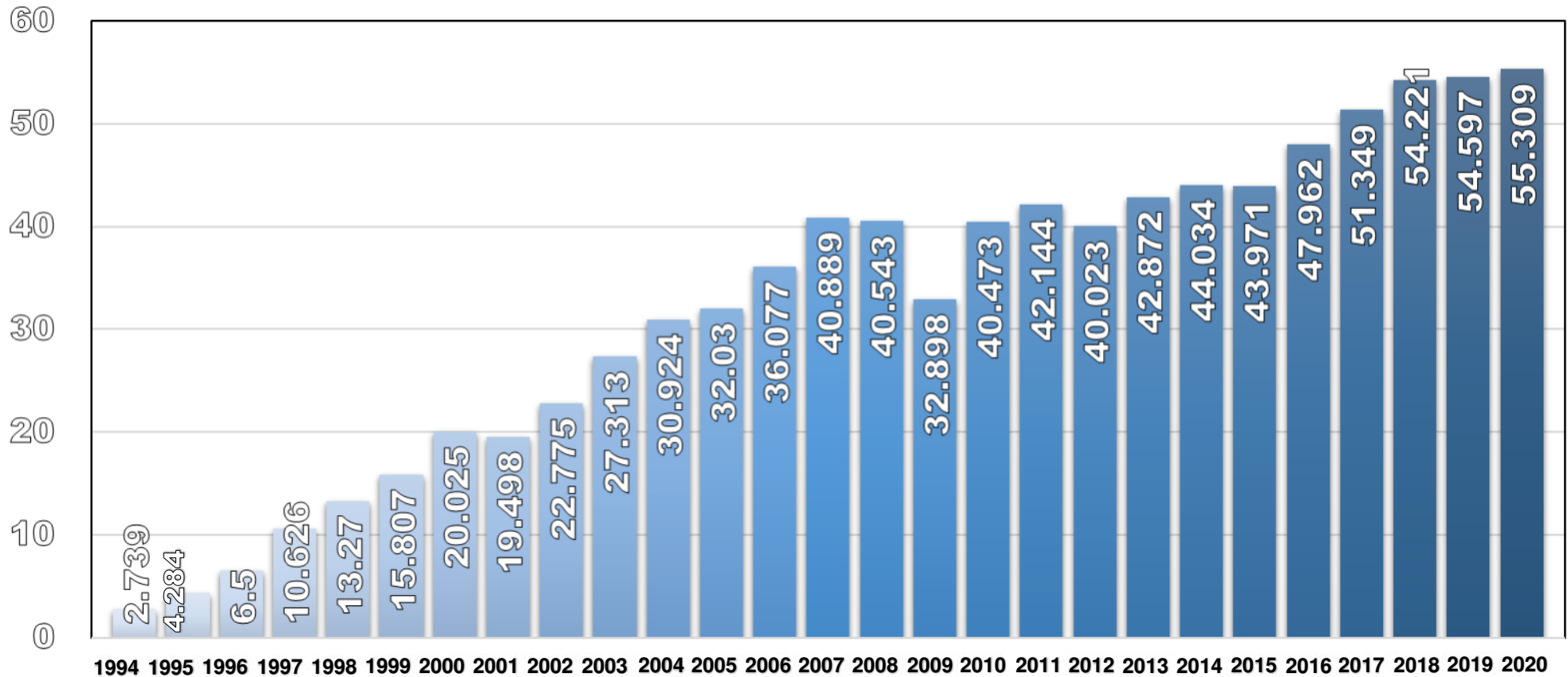
**US\$ 871.069 BILLION AND
COUNTING**

(1995 - 2020)



ECOZONE EXPORTS

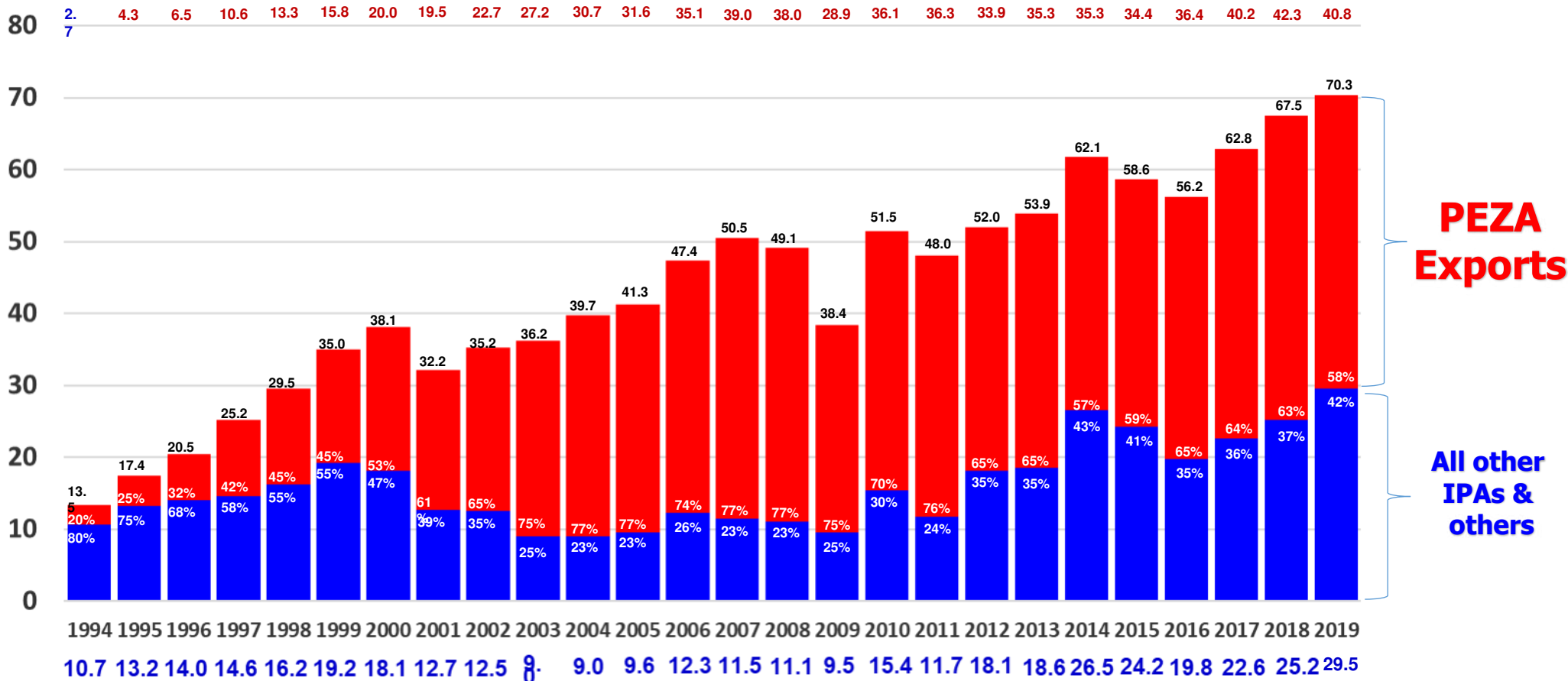
In US\$ Millions





TOTAL PHILIPPINE COMMODITY EXPORTS

(Billion U.S. Dollars)



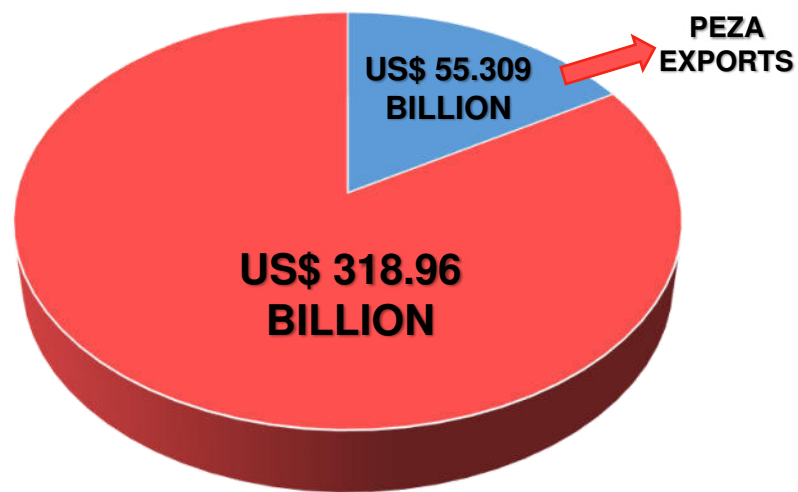
From 2007 to 2019, PEZA's exports constitute an average of 67% of total PH commodity exports



CONTRIBUTION OF PEZA EXPORTS TO GDP

YEAR2	TOTAL (In US\$ Billion)	GDP (in US\$ Billion)	% PEZA EXPORTS CONTRIBUTION TO GDP
1994 (Base Year)	2.739	-	
1995 (PEZA Creation in February)	4.284	82.12	5.21%
1996	6.500	91.79	7.08%
1997	10.626	91.23	11.64%
1998	13.270	72.21	18.37%
1999	15.807	83	19.04%
2000	20.025	81.02	24.71%
2001	19.498	76.26	25.56%
2002	22.775	81.36	27.99%
2003	27.313	83.91	32.55%
2004	30.924	91.37	33.84%
2005	32.030	103.07	31.07%
2006	36.077	122.21	29.52%
2007	40.889	149.36	27.37%
2008	40.543	173.6	23.35%
2009	32.897	168.49	19.52%
2010	40.473	199.59	20.27%
2011	42.144	224.14	18.80%
2012	40.023	250.09	16%
2013	42.872	271.84	15.77%
2014	44.034	284.58	15.47%
2015	43.970	292.77	15.01%
2016	47.926	304.91	15.71%
2017	51.349	313.42	16.38%
2018	54.221	332.85	16.28%
2019	54.597	352.49	15.49%
2020	55.309	319.00	17.33%

2020
PEZA EXPORTS CONSTITUTE **17.33%** of GDP



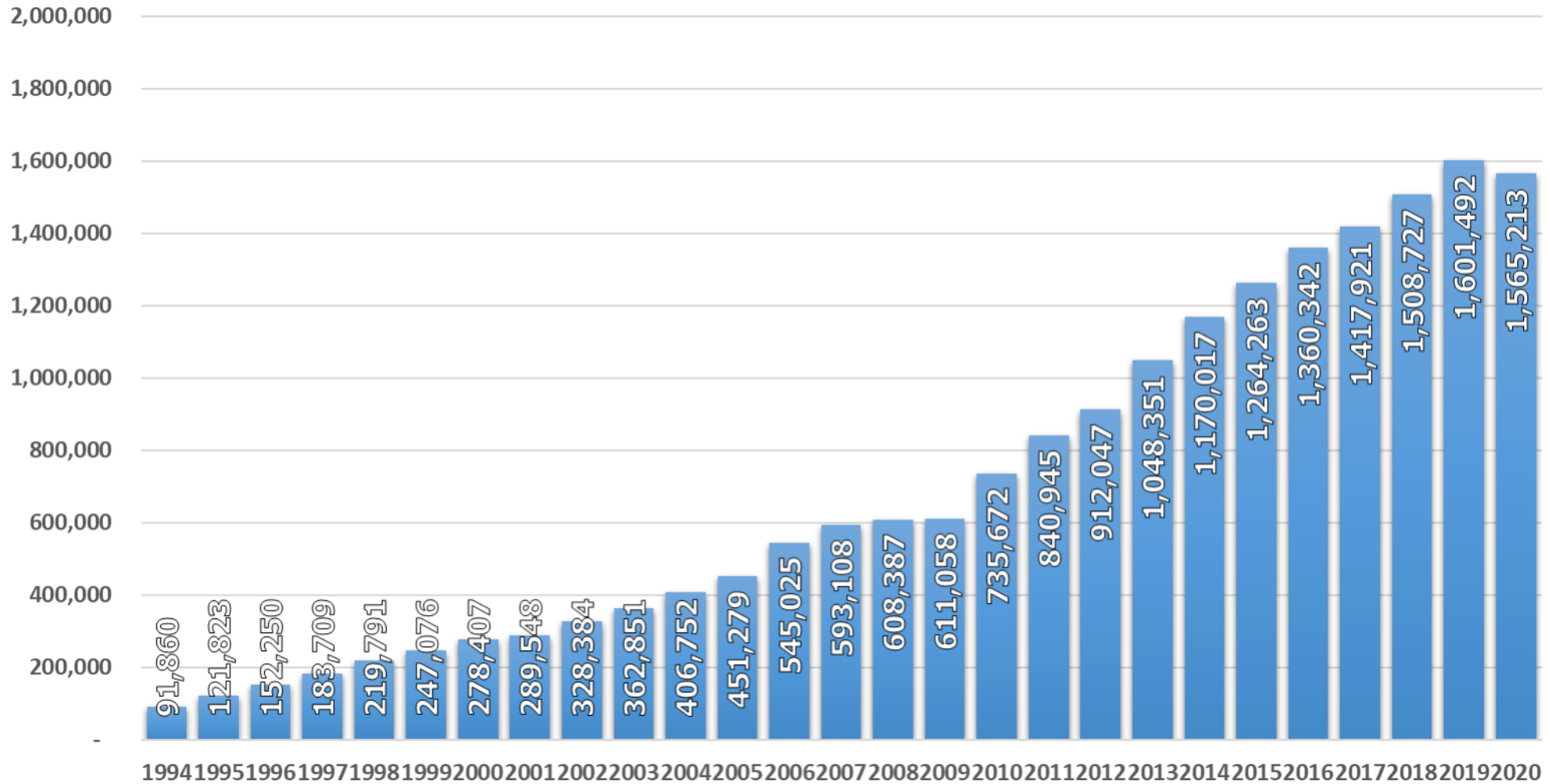
**TOTAL GDP – US\$ 319.00
BILLION**



**NO OTHER PHILIPPINE
GOVERNMENT AGENCY ASIDE
FROM PEZA
CAN CONTRIBUTE
THIS HUGE EXPORT
RECEIPTS
FOR THE PHILIPPINES.**



ECOZONE DIRECT EMPLOYMENT





TOTAL DIRECT EMPLOYMENT OF PEZA ENTERPRISES

1,565,213

Total Direct and Indirect Employment:
(x 5 of total direct employment)

7,826,065

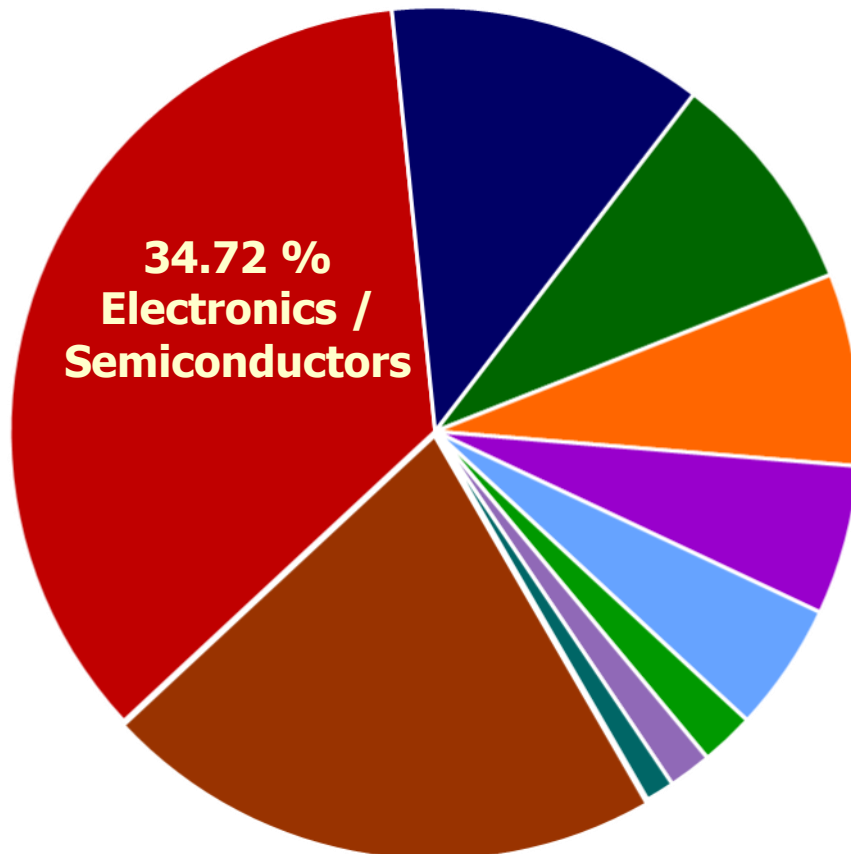
In the Philippines: Breadwinners support an average of 5 family members. If half of the total direct and indirect employment are breadwinners or $3,913,032 \times 5 = + 3,913,032 =$

23,478,192 or 1 in every 5 Filipinos are positively affected by PEZA's Economic Zone Program



LOCATOR INVESTMENTS BY PRODUCT SECTOR

1995 – 2020



12.33 % Information Technology Services

8.86 % Metals/Fabricated Metal Products

7.15 % Tourism

5.61 % Transport (Shipbuilding, Aerospace, Car Parts, Equipment)

5.03 % Electrical Machinery and Apparatus

2.01 % Medical, Precision and Optical Instruments

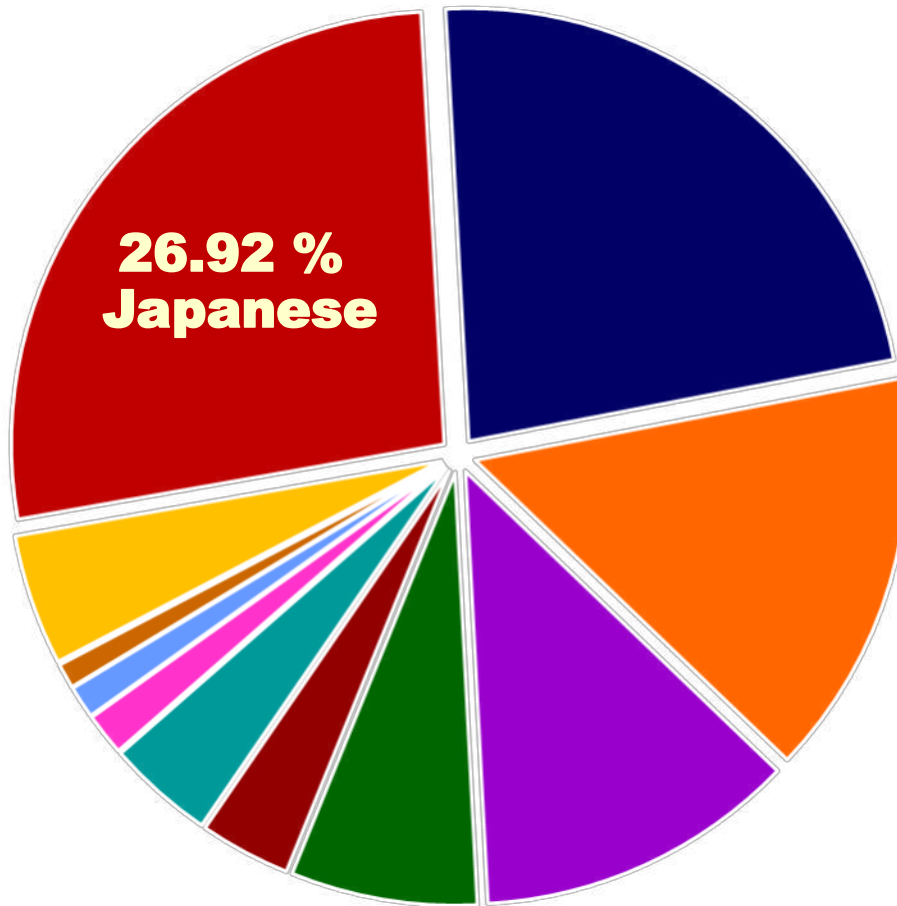
1.67 % Rubber and Plastic Products

1.07 % Medical Tourism

21.55 % Other Manufactures



LOCATOR INVESTMENTS BY NATIONALITY



22.83 % Filipino
15.20 % American
12.00 % Dutch
6.98 % British
4.00 % Singaporean
3.41 % Korean
1.59 % German
1.22 % Taiwanese
0.94 % Chinese
4.91 % Others

(1995 - 2020)



**POCKETS OF DEVELOPMENT
WERE CREATED IN REGIONS
THROUGHOUT THE PHILIPPINES
THRU
PEZA ECONOMIC ZONES
AND
PEZA ENTERPRISES**



Ecozones, Enterprises, Investments, Exports, & Employment Per Region

REGION	NO. OF OPERATING ECOZONES (as of 31 Dec 2018)	NO. OF ENTERPRISES (as of 31 Dec 2018)	APPROVED INVESTMENTS (Php Million) (CY 1995 - 2018) ^{1/}	EXPORT SALES (US\$ Million) (CY 1995 - 2018)	DIRECT EMPLOYMENT (as of 31 Dec 2018)
REGION I	5	5	26,613.180	36.842	1,698
REGION II	1	1	6,499.000	-	384
REGION III	22	116	174,579.532	33,981.861	77,592
REGION IV – A	56	2,051	1,379,687.627	443,567.485	516,634
BATANGAS	15	374	347,121.109	42,573.983	119,346
CAVITE	16	758	305,408.086	145,476.695	168,860
LAGUNA	19	913	695,979.726	254,743.498	220,788
QUEZON	1	1	21,059.652	316.584	1,891
RIZAL	5	5	10,119.055	456.725	5,749
REGION IV – B	4	24	49,997.791	3,675.094	2,612
PALAWAN	4	24	49,997.791	3,675.094	2,612
REGION IV	60	2,075	1,429,685.418	447,242.579	519,246
REGION V	8	10	10,571.028	881.508	6,025
REGION VI	24	46	66,780.772	1,726.831	32,685
REGION VII	51	677	247,986.518	72,685.876	213,866
REGION VIII	5	15	23,662.265	27,795.927	5,343
REGION IX	1	1	184.496	104.195	147
REGION X	10	23	48,828.873	6,714.079	11,795
REGION XI	16	27	48,980.695	2,669.179	42,790
REGION XII	8	13	66,457.870	4,168.144	19,107
REGION XIII	1	4	76,920.289	1,566.994	3,278
CAR	5	47	138,477.664	55,588.004	14,435
NCR	178	1,281	933,741.644	105,317.012	560,336
GRAND-TOTAL	395	4,341	3,299,969.244	760,479.031	1,508,727

PEZA ecozones and enterprises are located in all 17 regions in the country, except BARMM.



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PEZA COMPANIES' BACKWARD LINKAGE: SUSTAINING LOCAL INDUSTRIES



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**From 2014-2018
PEZA COMPANIES PURCHASED A
TOTAL OF**

PHP1.345 TRILLION

**OF EQUIPMENT AND RAW MATERIALS
FROM THE DOMESTIC MARKET**



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WHY PHILIPPINES

Fast Growing Among the ASEAN-6 countries before the pandemic:

• Fast Growing Economy (2016-6.8%; 2017-6.7%; 2018-6.2%; 2019-6.0%; 2020-(9.5%) GDP Growth)

• 100 Million Population

• Youngest Population

	GDP Growth (2012-2015)	Population	Median Age
Philippines	6.63%	100,000,000	23.5
Singapore	3.57%	5,469,700	33.8
Thailand	3.67%	67,725,979	36.2
Malaysia	5.40%	29,901,997	27.7
Indonesia	5.53%	254,454,77	29.2
Vietnam	5.53%	90,730,000	29.2
ASEAN-6	5.06%	91,236,857	29.93



- ✓ GSP + granted to Philippines by E.U. Parliament on Dec. 19, 2014

Philippines is the only E.U. GSP+ beneficiary country among ASEAN

Zero Tariff on 6,274 products destined for Europe with 40% local content



- ✓ U.S.A. listed the Philippines as GSP-Eligible Beneficiary on October 2015

Zero Tariff on 3,500 products lines destined for the USA except textiles and apparel, watches, footwear, work gloves, and leather apparel.



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PHILIPPINE STRENGTHS

Investment Grade Credit Rating





The Filipino Work Force

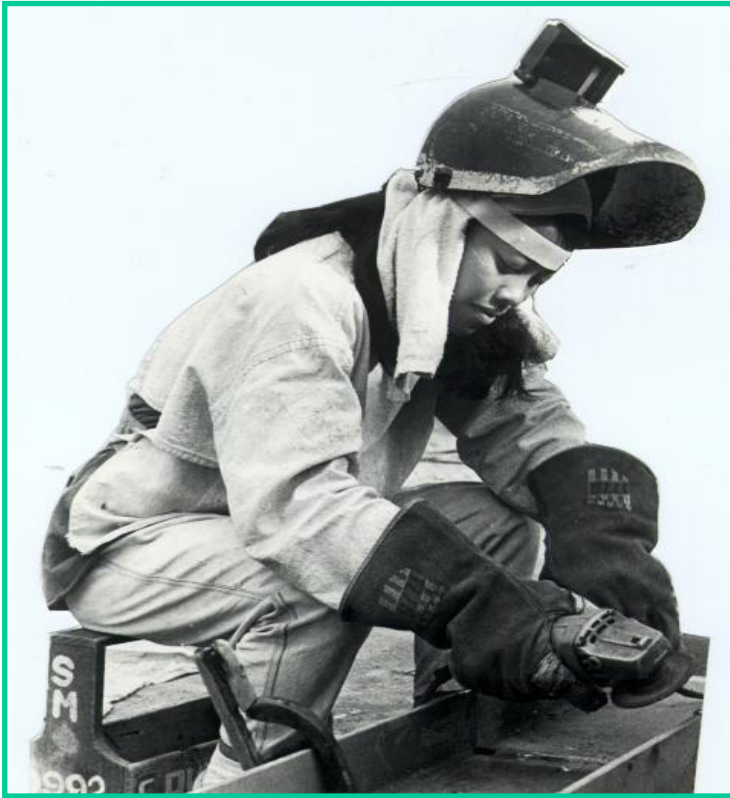
- High literacy rate of 94.6%
- English-speaking





The Filipino Work Force

- Easy to train
- Hardworking



- Responsible
- Loyal



The Filipino Work Force

- Very friendly





In the I.T. Sector



Filipino Workers are
considered
Global Knowledge
Workers
because they are
intelligent and able to
compete
at the highest levels
among the best in the
world.



The Filipino Work Force

1 million Filipinos reach working age every year,
and half of them are college graduates.





Foreign Investor-Friendly Policies

- Basic rights of Investors are guaranteed:
 - Right to remit profits
 - Right to pay foreign obligations
 - Right to repatriate investments
- 100% Foreign ownership of companies



STRATEGIC LOCATION



- Center of Asia and the Pacific
- Ideal distribution hub for investors



HOSPITABLE and COMFORTABLE SECOND HOME

Very friendly attitude of Filipinos



(Result of a survey conducted on expatriates in Asia)



Housing at very reasonable rates



(Result of a survey conducted on expatriates in Asia)



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International schools for expatriates' children

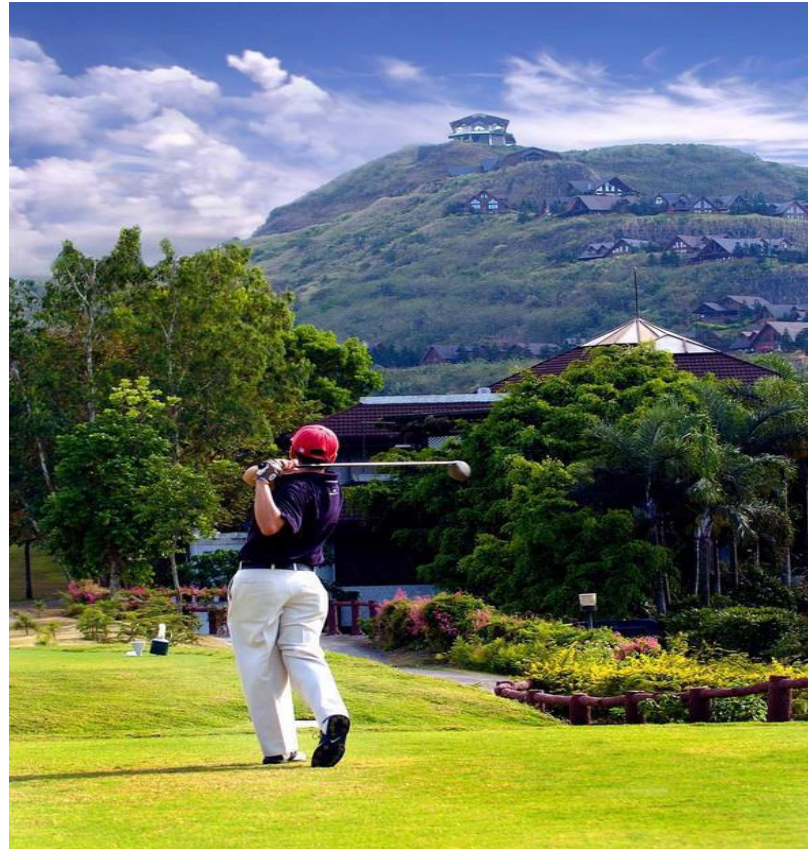


(Result of a survey conducted on expatriates in Asia)



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Best sporting and recreational facilities



(Result of a survey conducted on expatriates in Asia)



World class health services



(Result of a survey conducted on expatriates in Asia)



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PEZA INCENTIVES FOR EXPORT AND I.T. ENTERPRISES



Incentives

1. Income Tax Holiday (ITH)
 - 6 to 8 years for pioneer project
 - 4 to 6 years for non-pioneer project
2. After the ITH - Special 5% tax on gross income less allowable deductions in lieu of all national and local taxes



Incentives

3. Tax and duty free importation of capital equipment, spare parts, supplies and raw materials
4. Domestic sales allowance of up to 30% of total sales



Incentives

5. Zero Value Added Tax (VAT) Rate on all local purchases directly related to its registered activity to include telecommunications, power and water bills
6. Exemption from payment of local government taxes and fees



Incentives

7. Employment of foreign nationals
8. Special visa for foreign investors and immediate family members
9. Long-term land lease of up to 75 years
10. Unequalled service by PEZA



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THE PEZA BRAND OF SERVICE FOR EASE OF DOING BUSINESS



1. PEZA is a One-Stop Shop

- Building and Occupancy Permits
- Import and Export Permits
- Online Import and Export Procedures and E-Payment System



- Special multiple-entry non-immigrant Visa
- Environment Clearance Certificate (MOA with DENR)
- Exemption from Local Government Permits and Fees
- Simplified registration process – electronic application available from website; forms downloadable



2. PEZA is a Non-Stop Shop

- Provides 24 hours a day, 7 days a week of continuous service
- The Director General and other top officials are on call 24 hours a day, 7 days a week



3. In PEZA, there is

NO RED TAPE



3. In PEZA, there is



**ONLY RED CARPET
TREATMENT**



4. In PEZA, there is

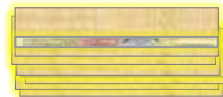
**NO GRAFT
NO CORRUPTION**

A large black prohibition sign (a circle with a diagonal slash) is superimposed over the text "NO GRAFT NO CORRUPTION".



PEZA consistently remits to National Government Dividends, Payment for Loans Incurred under EPZA & Corporate Income Tax

EPZA
P 145.498 Million
(1969 - 1994)



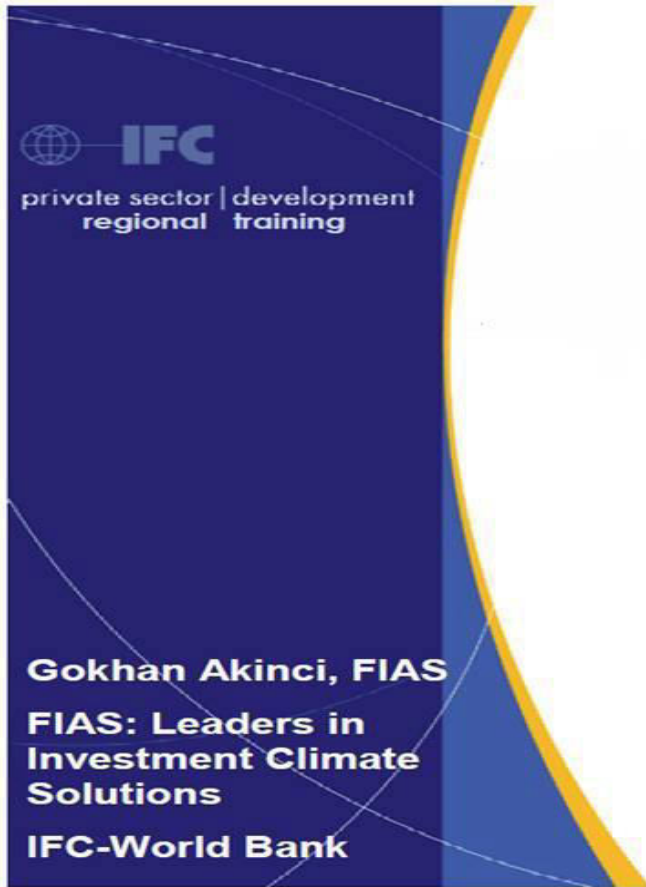
2018 Total Remittances: P 1.141 B

1. Dividend to Nat'l Govt: P677.513 M
2. Corporate Income Tax: P448.410 M
3. Foreign Loans: P14.867 M

PEZA
P 24.097 Billion
(1995 - 2020)



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IFC – World Bank cited only PEZA for Best Practice among Economic Zones worldwide

"Under PEZA, the Philippines has shown dramatic improvements in Investment Climate."

End Result – PEZA is a shining example of successful regulatory reform improving overall investment climate in the country."





***“While the Philippine bureaucracy can be slow and opaque in its processes, the business environment is notably better within the special economic zones, particularly those available for export businesses operated by the Philippine Economic Zone Authority (PEZA), known for its regulatory transparency, no red-tape policy, and one-stop shop services for investors. Noteworthy advantages of the Philippine investment landscape include free trade zones, including economic zones, and a large, educated, English-speaking Filipino workforce.*”**

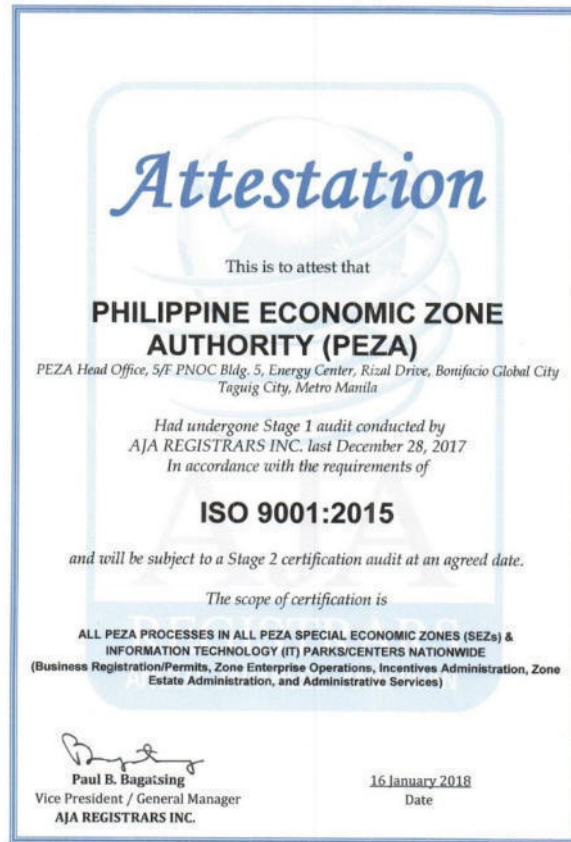


The CEO magazine cited the Philippines in the top 10 best countries to invest in post-COVID. The Philippines is described as being the tech hub of Asia and scored the 7th best place for business people.



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ISO 9001:2015



2nd Floor NOL Tower, Commerce Avenue, Madrigal Business Park, Alabang, Muntinlupa City 1770 Philippines
Website: www.ajaphila.com Email: admin@ajaphila.com Tel: +632 850 2040

For all processes,
at all levels,
in all offices,
nationwide.



2 NON-NEGOTIABLE AREAS IN PEZA

Rights of Filipino Workers



Protection of the Environment



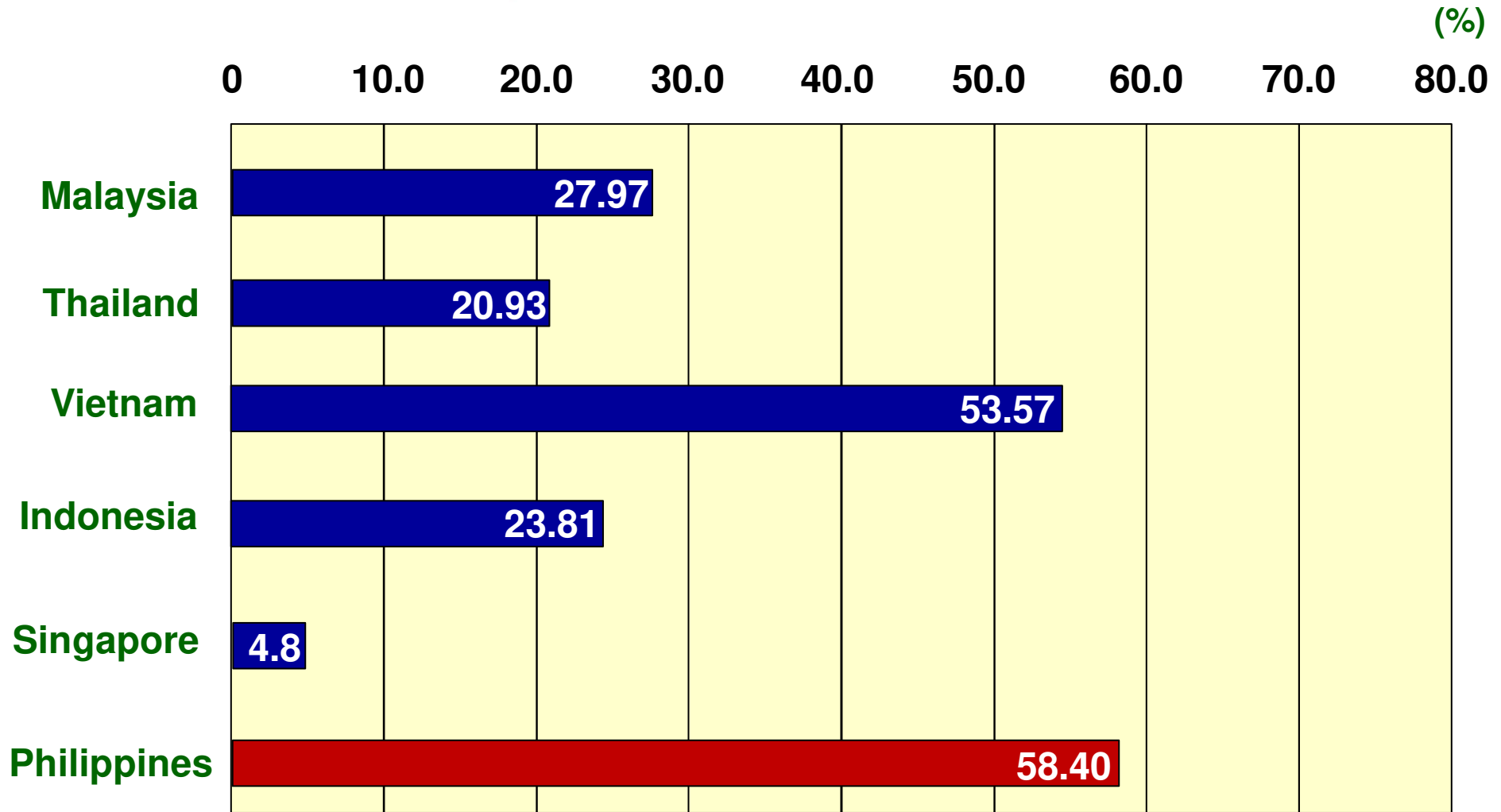
Appreciation of Local Business Environment by Japanese Companies in ASEAN Countries

December 2018

2018 JETRO Survey on Business Conditions of Japanese Companies in Asia and Oceania

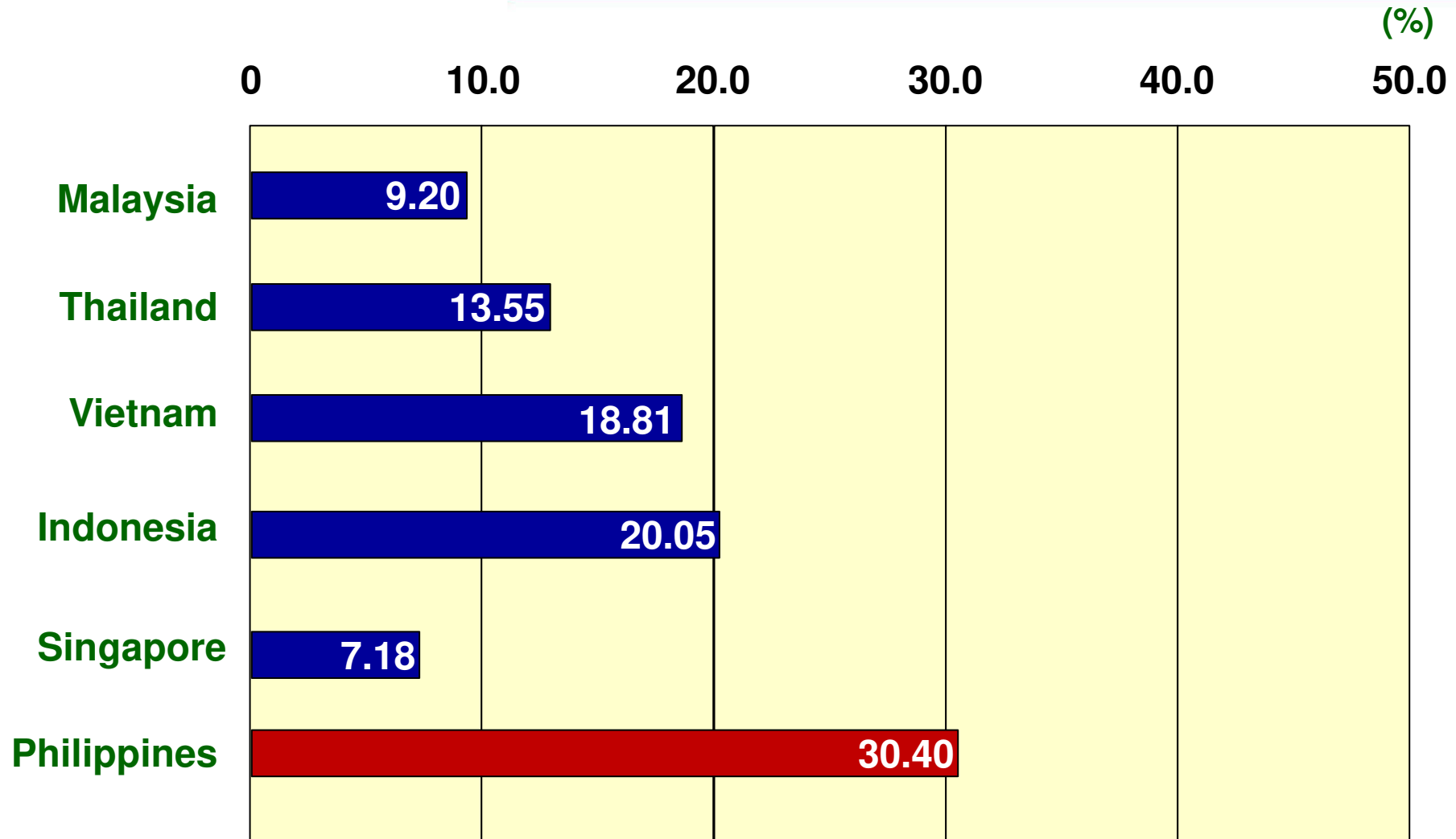


Reasonable Employee Compensation



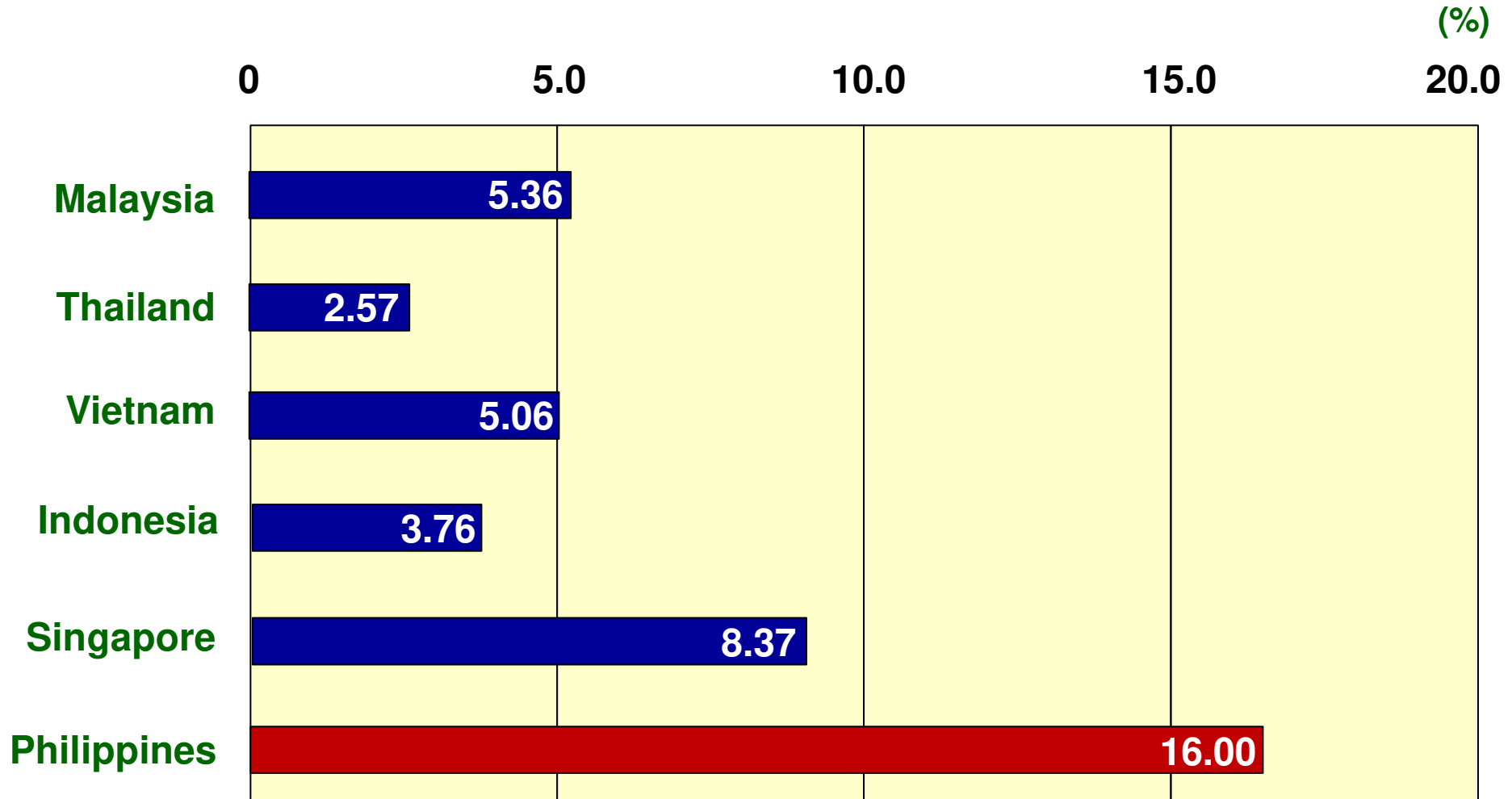


Easy To Secure Local Human Resources (Worker/Staffs/Clerks)



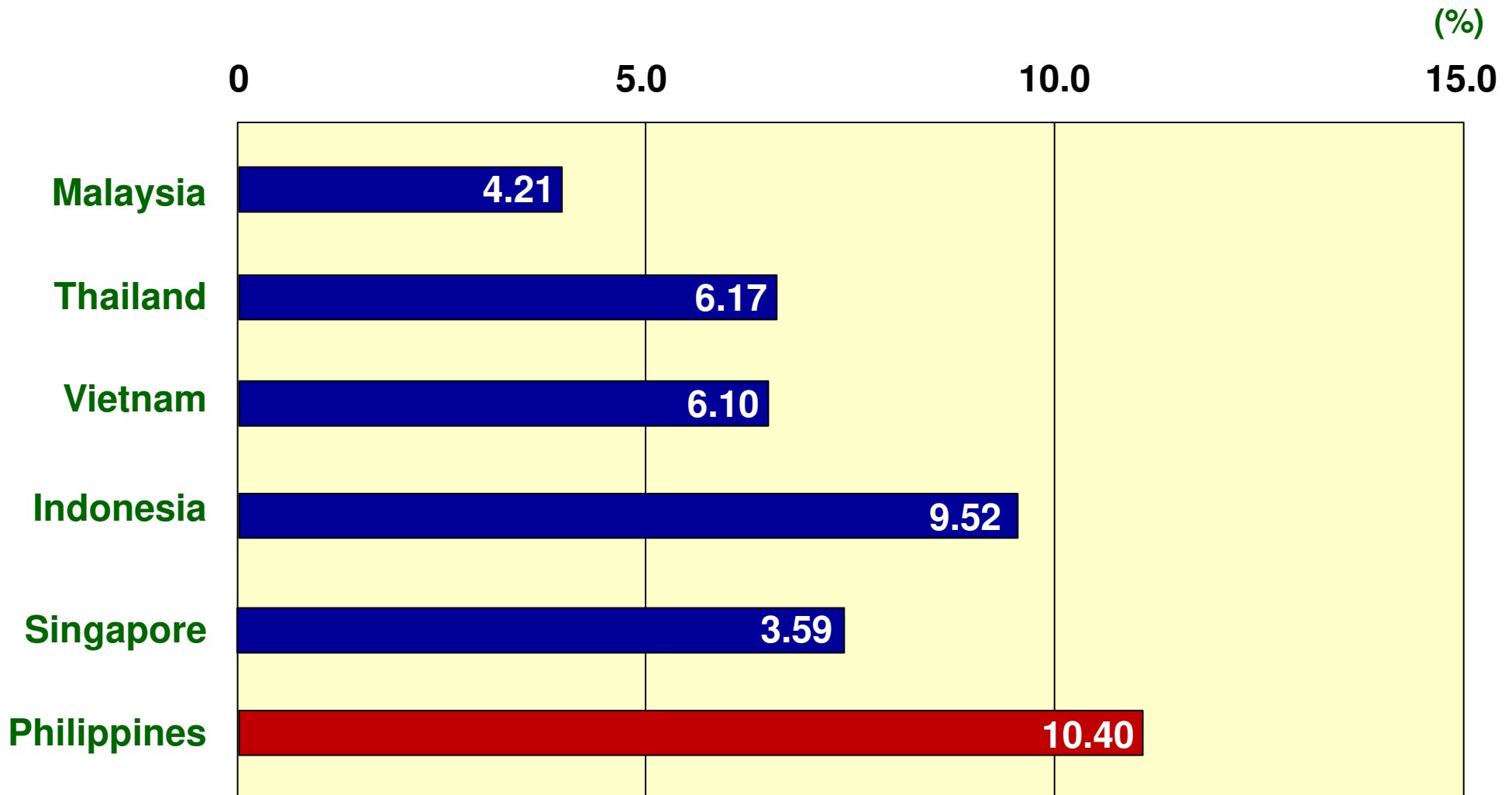


Easy To Secure Local Human Resources (Specialist/Engineer/Middle Manager)



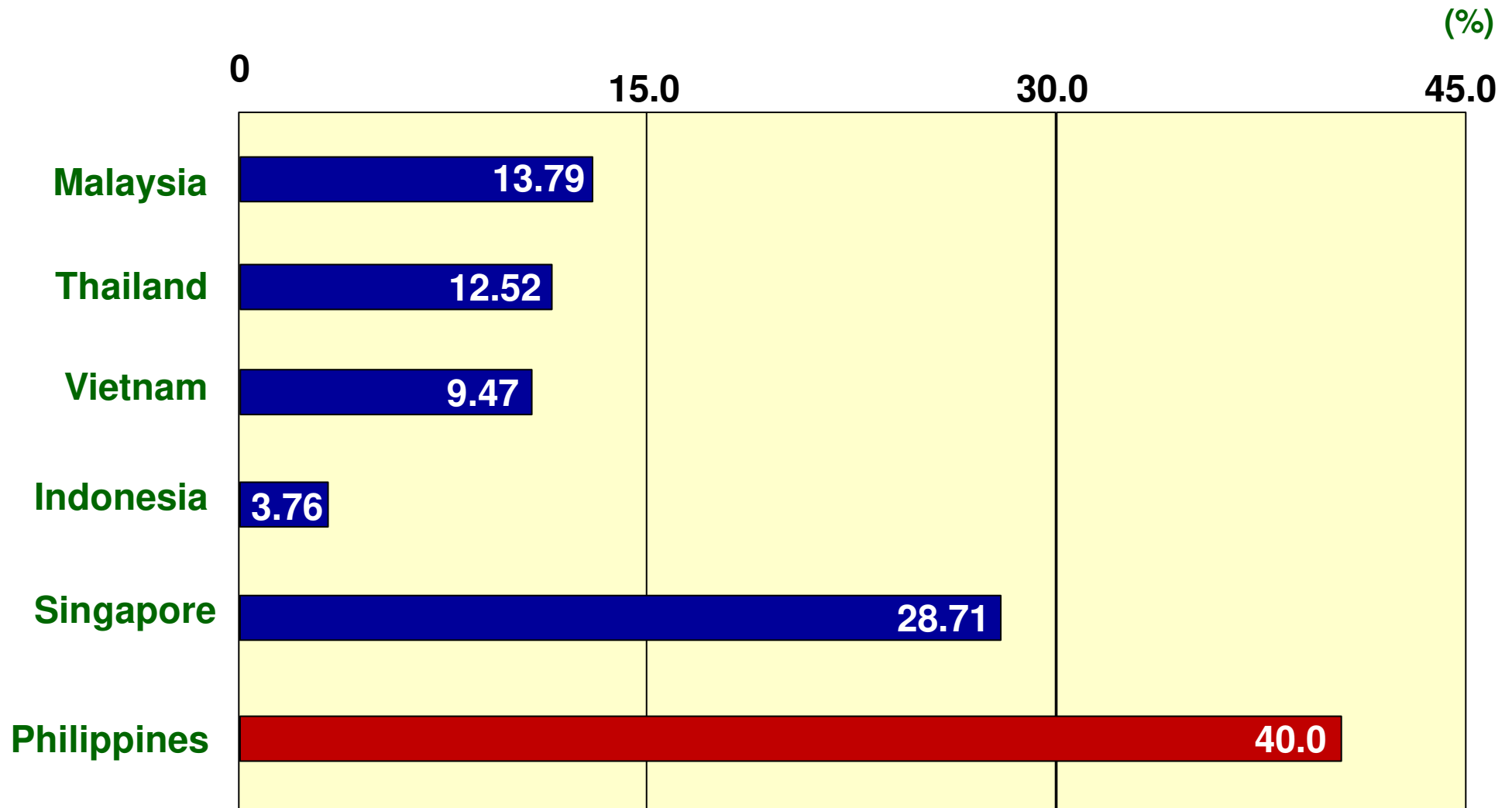


High Employee Retention Rates





Tax Incentives





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5 OF THE WORLD'S TOP 20

SEMICON and ELECTRONICS SALES LEADERS ARE OPERATING IN THE PHILIPPINES





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MAJOR SMS and EMS PLAYERS IN THE COUNTRY



Notes:

SMS – Semiconductor Manufacturing Services

EMS – Electronics Manufacturing Services

Major Players Per Sectors:

- Semiconductor (Components / Devices)
- Computer Related Products / EDPs
- Office Equipment
- Consumer Electronics
- Telecommunications
- Communication/Radar

- Control & Instrumentation
- Medical / Industrial Instrumentation
- Automotive Electronics
- Aerospace
- Solar / PV



Top Economic Zone Investors

TI Philippines	Electronics	American/Dutch
Taganito HPAL Nickel	Basic Metals	Japanese
Toshiba Information	Electronics	Japanese
Tiger Resort	Tourism	American/Japan
Sunpower Philippines	Solar Cells	American/Cayman
Travellers International	Tourism	Filipino
Sureste Properties	Tourism	Filipino
Ibiden Philippines	Electronics	Japanese
Amkor Technology	Electronics	Singapore/American
Coral Bay Nickel	Basic Metals	Japanese



Top Economic Zone Investors

NXP Semiconductors	Electronics	Dutch
Canon Business	Electronics	Japanese
Melco Resorts Leisure	Tourism	British Virgin
STMicroelectronics, Inc.	Electronics	Swiss
Epson Precision	Electronics	Japanese
HGST Philippines	Electronics	Dutch/Japanese
PASAR	Basic Metals	Filipino
Rohm Electronics	Electronics	Singapore/Japan
JT International	Tobacco	Dutch
Samsung	Electronics	Korean



Top Economic Zone Investors

Toyota Autoparts	Automotive	Japanese
St. Luke's	Medical Tourism	Filipino
Tsuneishi	Shipbuilding	Japanese
Integrated MicroElectronics	Electronics	British
Panasonic Precision	Electronics	Dutch/Japanese
Pilipinas Kao, Inc.	Chemical Products	Japanese
Continental Temic	Electronics	German
Lufthansa Technik	Transport	German
American Power Conversion	Electrical Machinery	American



Top Economic Zone Investors

Accenture, Inc.	Info Technology	Dutch
Taiyo Yuden	Electronics	Japanese
TDK Philippines	Electronics	Japanese
Bandar Hebat Builders	Tourism	Malaysian
Terumo Philippines	Medical Instruments	Japanese
Nidec Philippines	Electronics	Japanese
Analog Devices	Electronics	Dutch
B/E Aerospace	Transport	British
AG & P	Fabricated Metal	Filipino



Top Economic Zone Investors

Brother Industries	Electronics	Japanese
Concentrix CVG	Info Technology	Dutch
JPMorgan	Info Technology	American
Teletech	Info Technology	American
On Semiconductor	Electronics	American
Murata	Electronics	Japanese
Conduent Business	Info Technology	Dutch
Green Future	Agro-Industrial	Japanese
First Sumiden	Electronics	Japanese
Schweitzer-Mauduit	Agro-Industrial	American

PEZA COMPANIES ARE AMONG THE TOP BIR TAXPAYERS

(Source: BIR 2014 TOP 500 NON-INDIVIDUAL TAXPAYERS)

- 1. American Power Conversion Corporation A.P.C. B.V.**
- 2. TI Philippines , Inc.**
- 3. Accenture, Inc.**
- 4. JP Morgan Chase Bank, N.A.- Phil Global Services**
- 5. Samsung Electro-Mechanics Philippines Corporation**
- 6. EHS Lens Philippines Inc formerly Hoya Lens Mfg Phil**
- 7. JGC Philippines, Inc.**
- 8. Teletech Customer Care Management Philippines, Inc.**
- 9. Telephilippines Incorporated**
- 10. Sutherland Global Services Philippines, Inc.**
- 11. ROHM Electronics Phils., Inc.**
- 12. Mitsuba Philippines Corporation**
- 13. Tsuneishi Heavy Industries Cebu, Inc.**
- 14. PEZA**



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PEZA ECOZONE PROGRAMS



MANUFACTURING ECONOMIC ZONE

LOCATION	AREA / FACILITIES REQUIREMENT	INCENTIVES FOR DEVELOPERS
MUST BE OUTSIDE METRO MANILA	25 Hectares Must conform with development guidelines for industrial subdivision planning of the HLURB and Land Use and Zoning Regulations	5% tax on gross income only for totally new development)



INFORMATION TECHNOLOGY PARK (IT PARK)

LOCATION	AREA / FACILITIES REQUIREMENT	INCENTIVES FOR DEVELOPERS
METRO MANILA AND CEBU CITY	<p>1 Hectare</p> <ol style="list-style-type: none">1. Fiber optic telecom connection2. Clean, uninterruptible power supply3. Computer security and building monitoring system	None
OTHER PARTS OF THE COUNTRY	<p>1 Hectare</p> <ol style="list-style-type: none">1. Fiber optic telecom connection2. Clean, uninterruptible power supply3. Computer security and building monitoring system	5% tax on gross income (only for new development)



LOCATION	AREA / FACILITIES REQUIREMENT	INCENTIVES FOR DEVELOPERS
METRO MANILA AND CEBU CITY	10,000 square meters <ol style="list-style-type: none">1. Fiber optic telecom connection2. Clean, uninterruptible power supply3. Computer security and building monitoring system	None
OTHER PARTS OF THE COUNTRY / <i>Less Developed Areas - LDA</i>	5,000 sqm / 2,000 sqm -LDA <ol style="list-style-type: none">1. Fiber optic telecom connection2. Clean, uninterruptible power supply3. Computer security and building monitoring system	5% tax on gross income (only for new development)

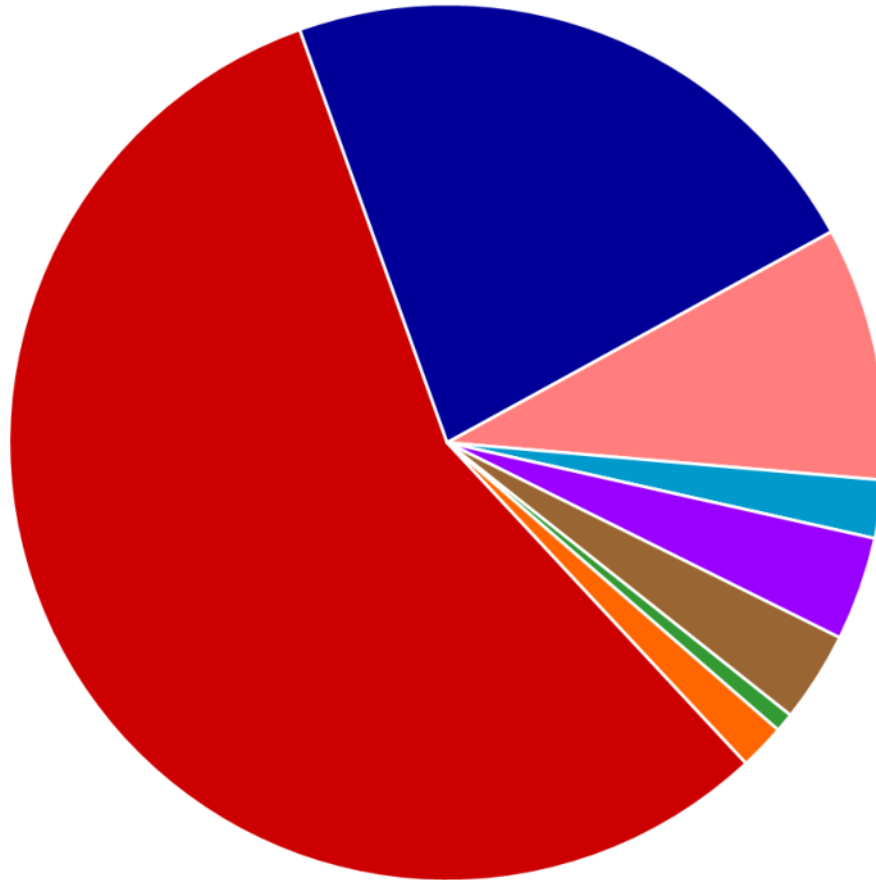


REGISTRABLE IT ACTIVITIES

- ✓ **Software Development and Applications in Business, E-Commerce, Education, Media and Entertainment**
- ✓ **Multi-Media Graphics, Animation, Printing and Other Services**
- ✓ **Engineering, Architectural & Other Design Services**
- ✓ **Call Centers**
- ✓ **IT Research and Development**
- ✓ **Data Encoding, Transcribing and Related Services**
- ✓ **Other IT Services**



IT INVESTMENTS BY SECTOR

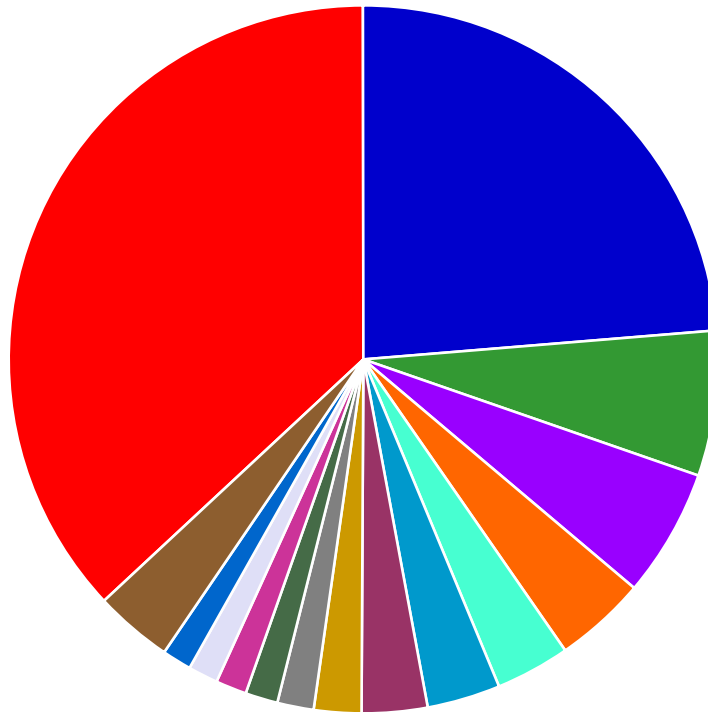


Call Centers	57.05 %
Business Process Outsourcing	22.17 %
Software Development	9.11 %
Other IT-enabled Services	3.79 %
Engineering, Architectural and Other Design Services	3.59 %
Multi-Media Graphics, Animation	1.97 %
Data Encoding, Transcribing	1.65 %
IT Research & Development	0.67 %

(2007-2018)



IT INVESTMENTS BY NATIONALITY



American	36.68 %
Dutch	22.77 %
Filipino	9.16 %
British	4.30 %
Australian	3.58 %
Indian	3.19 %
Japanese	3.01 %
Singapore	2.97 %
Hong Kong	2.35 %
Canadian	2.17 %
Caymanian	2.00 %
British V.I.	1.72 %
German	1.06 %
Bermuda	0.91 %
Others	4.13 %

Based on Investment Cost 2007-June 2018



TOP I.T. INVESTORS

(as of Dec 2018)

Accenture, Inc.	Software Dev't.	Dutch
Concentrix CVG Phil., Inc.	Call Center	Dutch
JPMorgan Chase Bank N.A.	Call Center	American
TeleTech Customer Care Phil Inc	Call Center	American
Conduent Business Services	BPO	Dutch
Concentrix Daksh Services	Call Center	Dutch
Alorica Teleservices, Inc.	Call Center	American
Wells Fargo Enterprise Global	Call Center	American
SITEL Philippines Corp.	Call Center	American
Optum Global Solutions	Call Center	Dutch
HSBC Electronic Data	Call Center	British



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TOURISM ECONOMIC ZONES



TOURISM ECONOMIC ZONE

LOCATION	AREA / FACILITIES REQUIREMENT	INCENTIVES FOR DEVELOPERS
PRIORITY AREAS IDENTIFIED BY THE DOT	<p>5 Hectares</p> <p>Integrated resort complex offering accommodation, sports and recreation centers, convention and cultural facilities, theme parks, and other special interest with foreign tourists as primary clientele.</p> <p>Must conform with development guidelines of the Department of Tourism</p>	<p>5% tax on gross income (only for areas located outside of Metro Manila, Cebu City, Boracay Island, and Mactan Island, and whose area is at least 25 hectares and totally new development)</p>



REGISTRABLE ACTIVITIES	INCENTIVES FOR LOCATORS
<p>Enterprises establishing and operating the following:</p> <ul style="list-style-type: none">✓ Accommodation Hotel-De Luxe or First Class✓ Resort- Triple “AAA” Class✓ Condominium Hotels and Serviced Apartments✓ Villas/Casitas✓ Sports and Recreation Center✓ Convention and Cultural Facilities✓ Theme Parks✓ Health and Wellness Facilities/Spa✓ Museum/Art Galleries• Other special interest or attraction activities with foreign tourists as primary clientele	<ol style="list-style-type: none">1. 4 years Income Tax Holiday (ITH)2. Special 5% tax on gross income in lieu of all national and local taxes after the ITH3. Tax and duty free importation of capital equipment required for the technical viability and operation of the registered activity4. Exemption from payment of local government fees such as Mayor’s Permit, Business Permit, Permit on the Exercise of Profession/Occupation/Calling, Health Certificate Fee, Sanitary Inspection Fee, and Garbage Fee;5. Zero Value Added Tax (VAT) Rate on local purchases to include telecommunications, power, and water bills;6. Special Investor’s visa7. Employment of foreign nationals8. Simplified import procedures



MEDICAL TOURISM PARK

LOCATION	AREA / FACILITIES REQUIREMENT	INCENTIVES FOR DEVELOPERS
METRO MANILA AND CEBU CITY	1 Hectare 1. Fiber optic telecom connection 2. Clean, uninterruptible power supply 3. Computer security and building monitoring system	None
OTHER PARTS OF THE COUNTRY	1 Hectare 1. Fiber optic telecom connection 2. Clean, uninterruptible power supply 3. Computer security and building monitoring system	5% tax on gross income (only for new development)



MEDICAL TOURISM CENTER (Hospital or Stand Alone Bldg)

LOCATION	AREA / FACILITIES REQUIREMENT	INCENTIVES FOR DEVELOPERS
METRO MANILA AND CEBU CITY	5,000 square meters <ol style="list-style-type: none">1. Adequate telecom facilities2. Clean, uninterruptible power supply3. Security and building monitoring system	None
OTHER PARTS OF THE COUNTRY	2,000 square meters <ol style="list-style-type: none">1. Adequate telecom facilities2. Clean, uninterruptible power supply3. Security and building monitoring system	5% tax on gross income (only for new development)



AGRO-INDUSTRIAL ECONOMIC ZONE

LOCATION	AREA / FACILITIES REQUIREMENT	INCENTIVES FOR DEVELOPERS
MUST BE OUTSIDE METRO MANILA	5 Hectares Must conform with development guidelines of : DA, BFAR, DENR, and Land Use and Zoning Regulations	5% tax on gross income (only for areas 25 hectares and above and totally new development)



REGISTRABLE ACTIVITIES	INCENTIVES FOR LOCATOR
<ol style="list-style-type: none">1. Import-substituting commercial production and processing of agricultural crops for bio-fuel (such as but not limited to jetropha, coconut, sweet sorghum, sugar, etc.)2. Processing / manufacturing for export of agricultural and marine products (livestock and poultry, fruits and vegetables, aquaculture products)3. Integrated livestock, poultry, and related projects involving primary production up to processing of final product4. Production of agricultural inputs such as feeds, veterinary drugs and vaccines, fertilizers, and agri-chemicals for export5. Projects involving the processing of agricultural waste materials into commercially viable products for export6. Bio-technology products using agricultural products as inputs or to be used as inputs for agricultural production7. Support services such as cold storages and warehouses, and similar facilities	<ol style="list-style-type: none">1. 4 years Income Tax Holiday (ITH)2. Special 5% tax on gross income in lieu of all national and local taxes after the ITH3. Tax and duty free importation of production equipment and machineries, breeding stocks, farm implements including spare parts and supplies of the equipment and machineries4. Exemption from export taxes, wharfage dues, impost and fees5. Exemption from payment of local government fees such as Mayor's Permit, Business Permit, Permit on the Exercise of Profession/Occupation/Calling, Health Certificate Fee, Sanitary Inspection Fee, and Garbage Fee;6. Zero Value Added Tax (VAT) Rate on local purchases to include telecommunications, power, and water bills;7. Special Investor's visa8. Employment of foreign nationals9. Simplified import and export procedures



INCENTIVE FOR LOGISTICS ENTERPRISES

Tax and duty free importation of raw materials.

INCENTIVE FOR FACILITIES / UTILITIES ENTERPRISES

**Special 5% Gross Income Tax,
in lieu of all national and local taxes.**

The PEZA Board

DTI Secretary - Chair

PEZA Director General – Vice-Chair and CEO

Other Members

- **Undersecretary, Department of Finance**
- **Undersecretary, Department of Labor and Employment**
- **Undersecretary, Department of Interior and Local Government**
- **Undersecretary, Department of Environment and Natural Resources**
- **Undersecretary, Department of Agriculture**
- **Undersecretary, Department of Public Works and Highways**
- **Undersecretary, Department of Science and Technology**
- **Undersecretary, Department of Energy**
- **Deputy Director General, National Economic and Development Authority**
- **One (1) representative from the labor sector**
- **One (1) representative from the investors/ business sector in the economic zone**

4 KEY FACTORS FOR ECOZONE SUCCESS:

- 1. A good law implemented correctly and not subjected to undue changes;**
- 2. Partnership with the Private Sector;**
- 3. A good Leader/Agency Head; and**
- 4. Full support of the national leadership.**



2 MUST HAVE INSIDE ECOZONES:

- 1. Efficiency in the Cost of Doing Business; and**
- 2. Efficiency in the Ease of Doing Business.**



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