

**Implementing Rules and  
Regulations  
of the  
Davao City Investment  
Incentive Code of 1994,  
*As Amended***

## **RULE I. POLICY APPLICATION**

**Article 1. Title.** – These Rules shall be known and cited as the Rules and Regulations Implementing the DAVAO CITY INVESTMENT INCENTIVE CODE OF 1994, ***as Amended***.

**Article 2. Purpose.** – These Rules are promulgated to prescribe the procedure and guidelines for the implementation of the Davao City Investment Incentive Code of 1994 in order to facilitate compliance therewith and achieve the objectives thereof.

**Article 3. Declaration of Policy.** – To accelerate the sound development of Davao City in accordance with the City Comprehensive Development Plan (1996-2021) and the Philippine Development Plan (2011-2016), it is hereby declared to be the policy of the City of Davao to establish a favorable and stable business climate consistent with the development needs of the City, which will encourage new investments or expansion/diversification areas Agri-business sector, Tourism and recreational facilities, Light Manufacturing and Assembly, Property Development, Health and Wellness, Educational and Sports Facilities, Environmental Protection or Green Projects, Information and Communications Technology, Production and Generation of New Sources of Energy, Transportation and Infrastructure , Public-Private Partnership (PPP) Projects, and such other preferred areas of investments as may be determined from time to time by the Board upon the recommendation of an independent study group commissioned for the purpose subject to the approval of the Sangguniang Panlungsod, which will provide employment opportunities, raise the standard of living of the people of Davao City, and provide for the equitable distribution of wealth.

The City of Davao welcomes and encourages domestic and foreign capital to establish enterprises that would utilize substantial amount of labor, raw materials and natural resources of the City.

It is further declared to be the policy of the City to promote the establishment and operation of non-government organizations to serve as active partners in achieving local autonomy.

**Article 4. Scope of Application.** – These Rules shall apply to all persons, juridical and natural entities or enterprises, and non-government organizations and instrumentalities to the extent provided in the Code.

**Article 5. Rules of Interpretation.** – Any conflict or controversy arising under these Rules shall be resolved on the basis of applicable legal provision or jurisprudence in the absence thereof, the customs and traditions in so far as they are applicable to the conflict or controversy may be resorted to.

## **RULE II. DEFINITION OF TERMS**

**Article 6. Definition of Terms.** – For the purpose of these Rules and Regulations the following terms and phrases shall mean as follows:

- a. “Board” shall refer to the Davao City Investment Incentive Board (DCIIB) created under the Code.
- b. “Center” shall mean the Davao City Investment Promotion Center, or in short, the DCIPC, which is the office that will serve as the technical secretariat of the Board and its lead executing arm to implement the provisions of the Code
- c. “Code” shall refer to the Davao City Investment Incentive Code of 1994 promulgated pursuant to the Sangguniang Panlungsod Resolution No. 6652 and Ordinance No. 2017 dated 13 May 1994 and approved by Mayor Rodrigo R. Duterte on June 15, 1994.
- d. “Existing Establishments / Enterprises” refer to private business enterprises whose place of operation or production is presently located within the territorial jurisdiction of Davao City.

- e. “Expansion” shall include modernization and rehabilitation and shall mean increase of existing volume or value of production or upgrading the quality of the registered product.
- f. “Local Personnel/Worker” refers to those workers or personnel who are residents of Davao City for at least six (6) months wherein proof of residency is the presentation of a Barangay Clearance and/or the Community Tax Certificate from Davao City.
- g. “Modernization” herein shall refer to any replacement or installation of machinery or the alteration of production processes, methods or techniques through the use of technological advances resulting in substantial improvement in efficiency and/or quality, with or without any change in the rated capacity.
- h. “New Investors/Enterprises” shall refer to private enterprises who intend to venture into new project/s in the city with interests in establishing their places of operation or production within the territorial jurisdiction of Davao City.
- i. “New projects” refer to activities covered under the Priority Investment Areas involving the establishment of new production/service facilities by existing or new enterprises.
- j. “Preferred/Priority Areas of Investments” refer to the economic activities cited under Section 2, Chapter 1 of the Davao Investment Incentive Code of 1994 and those areas, which the Board may determined from time to time and subsequently recommend for approval by the Sangguniang Panlungsod.
- k. “Private enterprises shall refer to private corporations, partnerships, single proprietorship, cooperatives, non-governmental organizations.
- l. “Project cost” shall mean the total cost of setting up a project, which includes but not limited to: land, building, office equipment furniture and working capital.
- m. “Project Study” refers to a Project Profile of the applicant, which presents, among others, highlights of the financial and the socio-economic impact of the project“.
- n. Public-Private Partnership (PPP) - Contractual arrangement between government and private sector to deliver public infrastructure and/or public services. The modalities of which are duly approved and specified under R.A 7718 or otherwise knows and the “Revised Philippine BOT Law”.
- o. Public-Private Partnership (PPP) Projects - Infrastructure or development projects normally financed, and operated by the public sector but which will now be wholly or partly financed, and operated by the private sector, including but not limited to power plants, highways, ports, airports, canals, dams, hydropower projects, water supply, industrial estates or townships, housing, government buildings, tourism projects, public markets, slaughterhouses, warehouses, solid waste management, information technology networks and database infrastructure, education and health facilities, sewerage, drainage, dredging, and other infrastructure and development projects as authorized by the City Government of Davao with reference to the Davao City Public-Private Partnership (PPP) Ordinance.
- p. “Registered Enterprise” refers to those enterprises/businesses who are granted incentives by the DCIIB.
- q. Violation” shall be defined as the registered enterprise’s failure to submit one or more report/s or document/s required in a particular scheduled reporting period as prescribed in Article 30 hereof.

**RULE III. CREATION, COMPOSITION, MEETINGS, POWERS AND FUNCTIONS OF THE DAVAO CITY INVESTMENT INCENTIVE BOARD**

**Article 7. The Davao City Investment Incentive Board.** – There is hereby created a Davao City Investment Incentive Board (DCIIB) to implement the provisions of the Code.

**Article 8. Composition of the Board.** – The Board shall be composed of the following (as amended by City Ordinance No. 36, Series of 1999 & City Ordinance 0350-12, Series of 2012):

Chairperson - City Mayor  
Vice Chairperson - City Vice-Mayor

**Members:**

- Chairperson, SP Committee on Trade, Commerce and Industry
- Chairperson, SP Committee on Finance, Ways and Means
- **Chairperson, SP Committee on Housing, Rural & Urban Development**
- City Administrator
- City Planning and Development Coordinator
- City Director, Department of Trade and Industry, Region XI
- President, Davao City Chamber of Commerce and Industry, Inc. (DCCCI)
- Private Sector Co-Chairperson, Davao City Tourism Council
- Chairperson, Philippine Exporters Confederation (PHILEXPORT), Region XI
- Chairperson, Davao Cooperative Development Council
- Two (2) Private Sector Representatives to be appointed by the City Mayor for a term of two (2) years

The membership of the Board may be increased or decreased by the Sangguniang Panlungsod through the recommendation of the Board as it deems necessary for the effective implementation of the provisions of the Code.

**Article 9. Appointment of Permanent Representatives.** *At the beginning of every year, members of the Board may recommend the appointment of their permanent authorized representative by submitting to the Chairperson a duly notarized document designating therein the name of said representative. Permanent authorized representatives shall be entitled to all right and privileges due to a regular member of the Board.*

**Article 10. Meetings and Quorum of the Board.** – The Board shall meet at least once every quarter or as often as may be necessary, on such a day as it may fix. The presence of at least a majority of its members shall constitute a quorum, and a majority of the quorum shall be required for the Board to exercise its powers and perform its functions.

**Article 11. Manner of Voting.** – *In all meetings, regular members of the Board or, in their absence, their duly appointed permanent representatives, are allowed to vote.*

**Article 12. Powers and Functions of the Board.** – *The Board shall be vested with the following powers and functions:*

- a. To review and approve qualified applications for the granting of fiscal incentives in accordance with the policies and guidelines provided for in this Code;
- b. To commission an independent study group to conduct an economic and technical research for the purpose of identifying priority investment areas and/or activities to be promoted as well as appropriate incentives and support measures which should be extended to attract investors into these areas and/or activities;

- c. To adopt a short and medium-term investment promotion program which shall specify the list of priority investment areas and activities and corresponding incentives and support measures to be used to attract targeted investors as may be recommended by the Technical Secretariat;
- d. To propose and recommend the necessary appropriations to the Sangguniang Panlungsod or secure additional funding from other sources in order to support the operations of the Davao City Investment Promotion Center to support the implementation of the Code;
- e. To enlist the assistance of national agencies and private sector organizations, as may be necessary, useful and incidental to the effective and efficient implementation of this ordinance;
- f. To establish trade and investment liaison offices in places to be determined by the Board as may be necessary to promote the City's business climate;
- g. To conduct consultations with relevant private and government stakeholders on the review of the provisions of the Code;
- h. To recommend to the Sangguniang Panlungsod the suspension of accepting applications for local incentives as recommended by the Technical Secretariat.
- i. Upon the recommendation of the DCIPC, the Board shall identify and recommend for the approval of the Sangguniang Panlungsod appropriate Incentive measures which it shall be willing to extend, to promote priority investment areas and activities, to targeted investors; and
- j. To perform such other powers and functions as are necessary and incidental to the exercise and performance of its functions;

**Article 13. Powers and Functions of the Chairperson.** – The Chairperson of the Board shall have the following powers and duties:

- a. To preside over the regular and special meetings of the Board;
- b. To recommend to the Board such policies and measures he/she may deem necessary to carry out the objectives of the Code; and
- c. Generally, to exercise such other powers and perform such other duties as may be authorized by the Board, from time to time.

**Article 14. Powers and Functions of the Vice-Chairperson.** – The Vice-Chairperson of the Board shall have the following powers and duties:

- a. To preside over the regular and special meetings of the Board in the absence of the Chairman; and
- b. To perform other duties of the Chairperson in the absence of the latter, and such other duties as may be assigned to him/her by the Board.

**RULE IV. THE DAVAO CITY INVESTMENT PROMOTION CENTER**

**Article 15-A. Davao City Investment Promotion Center (The Center).** - There shall be created an office known as the Davao City Investment Promotion Center, which shall be staffed by one (1) Economist IV, three (3) Economist III, one (1) Economist II, one (1) Economist I and one (1) Economic Researcher.

Additional Technical Staff may be hired by the Center upon recommendation of the Board, subject to the approval of the City Mayor. (As amended by City Ordinance No. 0350-12, Series of 2012)

The Center shall be attached as a regular division to the Office of the City Mayor.

**Article 15-B. Powers and Duties of the Center.** - The Center shall act as the Technical Secretariat of the Board, and shall implement its policies and guidelines, and shall specifically perform the following duties:

- a. Accept, process and evaluate applications for registration for availment of local incentives, and submit recommendations for action by the Board;
- b. Provide the necessary support services to investors as guaranteed under the Code;
- c. Establish and maintain networking relations with other offices and agencies whenever appropriate and necessary;
- d. Collate, analyze and compile pertinent data and information, and conduct studies *and stakeholder consultations* concerning areas that have been or may be declared as “preferred/priority areas of investments” by the Board;
- e. Recommend to the Board any modifications/amendments to existing legislation and procedures on local investments;
- f. Prepare agenda for meetings of the Board, and submit for the latter’s consideration and approval the policies and measures which are deemed necessary to carry out the provisions of the Code;
- g. *Render and submit annual/special reports to the Board or to the City Government of Davao about its activities relative to the implementation of the Code within sixty (60) days after the close of each calendar year or as may be requested;*
- h. *Review the package of appropriate incentives and support measures and the investment areas or activities, every (2) years, and **after consultation with the affected sectors**, recommend to the Board to remove an area or activity from the list, at any point, when it deems that sufficient investments in the area or activity have been attained and where continued extension of incentives or support measures for the expansion of said areas or activities may place the interest of the City and the public in a disadvantageous position. Likewise, the Center may also recommend to the Board to remove an investment area or activity from the list where such area or activity in the City cannot attract investors within reasonable time and cost or may result in unfavorable business climate, **subject to the approval of the Sangguniang Panlungsod**; and*
- i. Perform such other functions that are necessary and incidental for the effective implementation of this Code.

**Article 15-C. Technical Functions of the Center.** – *Technical Functions of the Center are as Follows:*

1. **Investor Assistance and Servicing.** Assist prospective investors by providing assistance, among others, *in the following areas:*
  - a. *Organize one-stop shops* for documentation services (*building and business permits, licenses and incentive availment*);
  - b. *Facilitate processing of local permits and licenses;*
  - c. *Referral for manpower sourcing;*
  - d. *Referral of ideal locations for certain projects based on the city’s approved zoning ordinance;*
  - e. Investment counseling; and
  - f. Business matching

2. **Investment and Trade Promotion and Generation.** Handle promotional activities that will directly influence infusion of investments and influx of trade and tourism, such as:
  - a. Trade and investment missions;
  - b. Investment fora/seminars;
  - c. Direct investment marketing;
  - d. Trade *and tourism* fairs and exhibits;
  - e. Investment briefings / orientations;
  - f. Promo collateral preparation and dissemination;
  - g. Business consultation with strategic investors, and the business community, in general;and
  - h. Sustainable image-building campaign through all forms of media.
  
3. **Information Management and Development.** In the area of information and development, shall:
  - a. Handle data generation, processing and packaging;
  - b. Handle data storage and retrieval;
  - c. Support direct investor servicing through operation of an on-line information assistance desk;
  - d. Review existing incentives and prepare recommendations and / or policy papers for its improvement; and
  - e. Prepare project profiles, pre-investment studies, viability and feasibility, industry profiles and situationers.

**Article 15-D. Reporting.** - The Head of the DCIPC shall report to the Board or to the City Mayor and to the Sangguniang Panlungsod matters affecting plans, programs and performance of the Center.

#### **RULE V. PREFERRED/PRIORITY INVESTMENT AREAS/ACTIVITIES AND APPROPRIATE INCENTIVES AND SUPPORT MEASURES**

**Article 16. Preferred/Priority Investment Areas.** Incentives will be provided to new, expansion and diversification projects in the following investment areas:

1. **Agri-business sector, *more particularly on:***
  - Agri-industrial production and processing adopting new and available technologies
  - Energy-efficient farming systems
  - Organic and environment-friendly technologies
  - High-value commercial crops program
  - Livestock development program
  - Aquaculture development program
  
2. **Tourism *and recreational facilities, more particularly on:***
  - Tourist transportation and recreational facilities
  - Retirement villages
  - Mountain resorts
  - Theme parks
  - Hotels
  - Conventions and exhibition/trade display centers/museums
  - Novel and innovative facilities
  - Medical tourism facilities
  - Eco and Agri-tourism parks, Nature sports
  - Historico-cultural heritage projects:
    - Shrines, monuments, and landmarks
    - Local historical sites/properties
    - Cultural properties and cultural treasures

**3. Light Manufacturing and Assembly, more particularly on:**

- Pharmaceuticals and cosmetics
- Construction and related materials – wood-based (doors, windows, plywood and veneer, moldings); metal-based; non-metal based; chemical based (e.g. PVC, plastic, vinyl, paints) Bio-technology

**4. Property Development, more particularly on:**

- Residential property development for low cost and socialized housing  
Business parks and industrial estates classified as special economic zones and IT parks, buildings and centers

**5. Health and Wellness, Educational and Sports Facilities, more particularly on:**

- Health and wellness facilities
  - Educational and training facilities
    - Specialized schools and skills training institutions
    - Technical and vocational schools
    - International Schools
  - Sports
    - Sports complexes/arena/race tracks
    - Sports gymnasium or court
- Research and development activities and the establishment of testing laboratories

**6. Environmental Protection or, Green Projects (cross-cutting among all PIAs and non-PIAs)**

- Establishment of toxic and hazardous waste (THW) management facilities
- River system rehabilitation;
- Clean Development Mechanism (CDM) projects
- Comprehensive (collection, segregation, processing, by products) Waste Management (Solid and Liquid)  
Manufacture of goods, the utilization of which would lead to either the efficient use of energy , natural resources or raw materials, minimize/ prevent pollution; or reduce greenhouse emissions

**7. Information and Communications Technology (To be retained as is, and Telecommunications - subsumed under ICT)**

- Creative and services industries
- Talent development through scholarship, training and opportunity building
- Enabled services, and film and performing arts production
- International gateway facilities
- Telecommunications projects involving satellites
- Contact/Call centers
- Business Process Outsourcing (BPO)
- Knowledge Process Outsourcing (KPO)  
Computer Software Programs and Applications Development

**8. Generation of New Sources of Energy**

- Coco biodiesel
- Solar
- Biomass, biogas
- Hydroelectricity plants
- Ethanol  
Wind



## 9. Transportation and Infrastructure

- Transportation
  - Port facilities including RORO, container yards
  - Transshipment of cargoes (land, air, sea)
  - Mass Transport Facilities (LRT, Bus Rapid Transit)
  - Passenger Terminals
- Shipbuilding
  - Building, repair, breaking
- Infrastructure
  - Air and sea ports; toll roads; railways;
  - Commercial infrastructure for trade and exposition
  - Waste management systems (solid and liquid), energy
- Agri-support facilities (irrigation, and modern post-harvest, cold-storage and blast freezing facilities)
- Common bonded warehouses

## 10. Public-Private Partnership (PPP) Projects

Solicited projects as contained in the inclusive list made by the Davao City Government for Public-Private Partnership (PPP) Program of the government

**Article 17. Determination of Additional Investment Area.** – Based on a result of a study conducted by an independent economic and technical research group commissioned to review the provisions of the Code, and in consultation with the Board, the center may recommend investment areas for inclusion in the list of priority investment areas which upon due deliberation and approval to the Board in a meeting validly held shall then be adopted for implementation under the Davao City Investment Code subject to the **approval** of the Sangguniang Panlungsod.

Basis for inclusion of investment areas are:

1. It must generate high levels of employment;
2. It must feature a high degree of value-added;
3. It must create linkages with local industries;
4. It must not have deleterious effect on the environment.

**Article 18. Removal/Deletion of a Preferred/Priority Investment Area.** - Upon the recommendation of the Center, the Board *may, through a resolution, remove* an area or activity from the list of preferred/priority areas for investments **subject to the approval of the Sangguniang Panlungsod**. Bases for the removal of Preferred Investment Area are as follows:

1. Sufficient investments in the area or activity have been attained;
2. The continued extension of incentives or support measures for the specific investment area is no longer to the interest of Davao City; and
3. The investment area or activity cannot attract investors within reasonable time and cost or may result in unfavorable business climate.

## **RULE VI. REGISTRATION OF ENTERPRISES**

**Article 19. Qualifications of a New Enterprise.** - A New Enterprise which intends to avail of the incentives provided for in the Code must meet the following qualifications:

1. The new enterprise must have complied with all the requirements mandated under existing local and national laws and the Constitution by and through presentation of certificates of registration issued by either the Securities and Exchange Commission (SEC), Department of

Trade and Industry (DTI) or Cooperative Development Authority (CDA) and other national and local government accrediting agencies, as the case may be;

2. The business enterprise place of operation or production and/or facility must be located within the territorial jurisdiction of Davao City; **provided said real property, where the place of operation, production and or facility is located, has not been a subject of nor is a present subject of reclassification before the Sangguniang Panlungsod;**
3. The investment must be among the approved “preferred / priority areas of investments”;
4. The investment must provide employment amongst local personnel/workers of Davao City as described under Article 6-G hereof;
5. The new proposed project of an enterprise must have a total project cost and direct employment of:

<b>Project Size</b>	<b>Project Cost</b>	<b>Employment Requirement</b>
<u>Small scale</u>	<u>P3-million to P 15-million</u>	Not less than Ten (10) Persons
<u>Medium-scale</u>	<u>over P15-million to P100-million</u>	At least Twenty (20) Persons
<u>Large-scale</u>	<u>over P100 million</u>	At least One Hundred (100) persons

Under exceptional cases and for justifiable reasons clearly cited, the Board may adjust the minimum employment requirement for certain projects.

**Article 20. Qualifications of an Existing Enterprise.** Existing enterprise which is expanding and/or diversifying, and intends to avail of the incentives under the Code must meet the following qualifications:

1. It must have complied with all the requirements mandated under existing local and national laws and the Constitution, by and through the presentation of certificates of registration issued by either the SEC, DTI, or CDA and other national government accrediting agencies, as the case may be;
2. The expansion must be among the approved “preferred/priority areas of investments”;
3. The existing enterprise will undertake any the following activities/projects:
  - a. Establish new branch, outlet or facility in a new location within Davao City; or
  - b. Expand its existing production capacity or construct new buildings and other civil works for the installation of new machinery and equipment or improvements thereof which will result in an increase in production capacity or for diversification project;
4. That the expansion/diversification shall have a total project cost and direct employment of:

<b>Project Size</b>	<b>Project Cost</b>	<b>Employment Requirement</b>
<u>Small scale</u>	<u>P3-million to P 15-million</u>	Not less than Ten (10) Persons
<u>Medium-scale</u>	<u>over P15-million to P100-million</u>	At least Twenty (20) Persons
<u>Large-scale</u>	<u>over P100 million</u>	At least One Hundred (100) persons

**Article 21. Application Process.** – All applications must be filed with the Board through the DCIPC. The same shall be recorded in a registration book which date of official acceptance shall be reckoned on the date the proponents comply with all the application requirements as defined in the next article and that the same are duly received by the Center.

Applications for incentives shall be acted upon by the Center within ten (10) working days from the official acceptance and that the same shall be submitted to the Board with an additional ten (10)

working days for their proper disposition. All applications will only be deemed approved or disapproved by the Board in a meeting duly held for that purpose.

**Article 22. Application Requirements.** All applications shall be deemed complete only upon compliance of the following standard requirements:

A. Filing Fee

The following non-refundable filing fee shall be paid as follows:

<u>P 5,000.00</u>	for enterprises with a <u>project cost</u> of at least <u>Three Million Pesos (P 3-Million)</u> up to Five Million Pesos (P 5-Million);
<u>P 10,000.00</u>	for enterprises with a <u>project cost</u> of more than Five Million Pesos (P 5-Million) up to Ten Million Pesos (P 10-Million);
<u>P 15,000.00</u>	for enterprises with a <u>project cost</u> of more than Ten Million Pesos (P 10-Million) up to Forty Million Pesos (P 40-Million);
P 25,000.00	for enterprises with a <u>project cost</u> of more than Forty Million Pesos (P 40-Million) up to One Hundred Million Pesos (P100-Million);
P 50,000.00	for enterprises with a <u>project cost</u> of more than One Hundred Million Pesos (P 100-Million) up to One Billion Pesos (P 1-Billion); and
P 100,000.00	for enterprises with a <u>project cost</u> of more than One Billion Pesos (P 1-Billion).

B. Required Documents for Registration

**For Single Proprietorship**

1. Three (3) copies of duly accomplished and notarized application form, copies of which can be secured from the Center or from the City Government’s web portal;
2. A copy of the project study of the proposed investment, indicating the financial and socio-economic impact of the project;
3. A certified true copy of its Certificate of Business Name Registration from the Department of Trade and Industry.

**For Partnership and Corporation**

1. Three (3) copies of duly accomplished and notarized application form, copies of which can be secured from the Center or from the City Government’s web portal;
2. A copy of the project study of the proposed investment indicating the financial and socio-economic impact of the project;
3. A certified true copy of the company’s Articles of Partnership/Incorporation and By-laws as approved by the Securities and Exchange Commission;
4. Secretary’s Certificate or Board Resolution authorizing the Partners or the Board of Directors, or any of their authorized representative as the case may be, to file the application.

**For Cooperatives**

1. Three (3) copies of duly accomplished and notarized application form, copies of which can be secured from the Center or from the City Government’s web portal;
2. A copy of the project study of the proposed investment indicating the financial and socio-economic impact of the project;
3. A certified true copy of the Certificate of Registration from Cooperative Development Authority;
4. Secretary’s Certificate or Board Resolution authorizing the Partners or the Board of Directors, or any of their authorized representative as the case may be, to file the application.

**For Expansion or diversification projects**

1. Copy of the enterprise’ annual sales performance/gross sales with corresponding tax due from the City Treasurer’s Office for the last three years;
2. Copy of the enterprise’ annual real property tax assessment or tax due from the City Treasurer’s Office for the last three years.

**Article 23. Registration and Approval Procedures.**

A. Registration Procedure

1. All applications shall be filed before the Davao City Investment Incentive Board through the DCIPC;
2. Applicants are required to pay the non-refundable filing fee as shown in Article 22-A (Filing Fee) of this Code;
3. Once all required documents are submitted, the project shall be recorded in the registration book and shall be evaluated by the Center after the registration;
4. If found unqualified, the Center shall inform the applicant in writing;
5. If found qualified, the Center shall forward the application to the Board for their proper disposition;
6. Once approved by the Board in a meeting validly held, the Center shall inform the applicant in writing and delivers the Certificate of Registration; and
7. The Center shall then inform all concerned local government offices and other entities of such approval for their information, guidance and appropriate action.

B. Evaluation Criteria

The following criteria will be used in the evaluation of applications for registration under the new code:

1. The project cost and direct employment for new enterprises, or investments for expansion must be as follows:

<b>Project Size</b>	<b>Project Cost</b>	<b>Employment</b>
<u>Small scale</u>	<u>P3-million to P 15-million</u>	Not less than Ten (10) Persons
<u>Medium-scale</u>	<u>over P15-million to P100-million</u>	At least Twenty (20) Persons
<u>Large-scale</u>	<u>over P100 million</u>	At least One Hundred (100) persons in case of a large industry, unless under exceptional cases to be determined by the Board.

2. Plant location and business address of either new or expanded or diversified enterprise must be within the territorial jurisdiction of Davao City.

C. Certificate of Registration

A registered enterprise under the Code shall be issued a Certificate of Registration with the signature of the *Chairperson* of the Board and/or such other officer as the Board may empower and designate for the purpose. The Certificate shall be on such form and style as the Board may determine and shall state, among other matters, the following:

1. The name of the Registered Enterprise;
2. The preferred/priority area of investment in which the registered enterprise will engage in;
3. The other terms and conditions to be observed by the registered enterprise by virtue of its registration.

**RULE VII. RIGHTS AND PRIVILEGES OF REGISTERED ENTERPRISES**

**Article 24. Rights and Privileges Guaranteed by the Davao City Government** – All enterprises registered under the Code are entitled to the rights and guarantees provided by law and the Constitution, and as such, the City Government thru the Board shall:

- a. Provide concise and comprehensive information to prospective investors on the economic priorities of the City Government, including target investment areas and the general conditions applicable to incoming direct private investments;
- b. Communicate investment evaluation criteria and procedures through various publications to enhance transparency in the process of granting local government incentives;
- c. Take the fullest possible account of the need of the investors for stability, growth and profit on their operations, in the formulation or modification of policies and ordinances that affect investments;
- d. Not interfere or modify arrangements with the investors after the details of the implementation of an investment project has been approved and accepted, and the ownership and management structure of the enterprise has been established, unless the law provides otherwise;
- e. Avoid undue distortion of competition between or among enterprises operating within its territorial jurisdiction, whether domestic or foreign, when granting any special exemptions or incentives aimed at encouraging investments in the identified target areas;
- f. In accordance with the law and where no local personnel or worker is qualified or capable and available, allow the employment of qualified foreign personnel where this is necessary, for the efficient operation of the enterprise or for technology transfer; and
- g. Resolve all doubts concerning the benefits and incentives granted under the ordinances enacted for the purpose of encouraging investment, in favor of the investor.

**RULE VIII. INCENTIVES PROVIDED TO REGISTERED ENTERPRISES**

**Article 25. Tax Incentives to New Projects.** - In addition to the incentives provided by the law and the national government as well, an enterprise registered under the Code shall be fully exempted from the payment of: (As amended by City Ordinance no. 36, series of 1999 & City Ordinance 0350-12, Series of 2012)

1. Business tax for a period of three (3) years starting from the date of the first sales activity as evidenced by the first sales invoice or official receipt, whichever comes first, issued by the business/enterprise; and/or
2. Basic real property tax of real properties used in the registered business, excluding barangay share for two (2) years from the effectivity or accrual of the real property tax on the new tax declaration/assessment issued by the City Assessor's Office; or, starting from the date of the first sales activity as evidenced by the first sales invoice issued by the business/enterprise.

**Article 26: Tax Incentives for Expansion Projects.** An expanding enterprise registered under the Code shall be exempt from the payment of:

1. Business tax increments (where assessment increments are solely brought about by the expansion or diversification) for a period of three (3) years starting from January of the succeeding year; and/or
- 1) Basic real property tax of real properties used in the registered business, excluding barangay share for two (2) years from the effectivity or accrual of the real property tax on the new tax declaration/assessment issued by the City Assessor's Office.

Provided that the Board may reduce the period of incentive entitlement if the project under consideration does not meet the minimum employment requirement.

**Article 27: Tax Incentives to Investments located in Preferred Districts.** The following areas shall be considered as Preferred Districts: Districts of Calinan, Baguio, Marilog, and Paquibato. Investments situated in these areas may be exempted from payment of the following: Provided that the Board may reduce the period of entitlement if the project does not meet the minimum requirement for employment

- 1) Business tax for a period of five (5) years starting from the date of the first sales activity as evidenced by the first sales invoice or official receipt, whichever comes first, issued by the business/enterprise; and/or
- 2) Basic real property tax of real properties used in the registered business, excluding barangay share for five (5) years from the effectivity or accrual of the real property tax on the new tax declaration/assessment issued by the City Assessor's Office.

Provided, however, that the Board, upon deliberation, may opt to grant only the incentives provided under Article 25-1 and/or 25-2.

**Article 28. Additional Provisions.** In order for enterprises to avail of the above incentives, the concerned project/s in such preferred investment areas or activities should apply for incentives with the DCIPC within six (6) months from the date of the issuance of their business permit. Investments in such preferred investment areas or activities whose period of operations is already beyond the above prescribed period shall no longer be qualified to apply for incentives. (as amended by City Ordinance No. 36, Series of 1999 & City Ordinance 0350-12, Series of 2012)

Furthermore, the City Treasurer's Office is tasked to provide the Board the list and amount of incentives that every project has enjoyed during the exemption period, as may be requested.

## **RULE IX. APPROPRIATIONS**

**Article 29. Appropriations.** – To defray the expenses for personal services (P.S), monthly operating and overhead expenses (MOOE) and Capital/Equipment Outlay necessary for the implementation of the provisions of this Ordinance, funds shall be sourced thru a Supplemental Budget from the General Fund and/or from the 20% Annual Development Fund. Appropriations for the succeeding years shall be included in the regular annual budget. **Likewise, the Board and the Technical Secretariat shall be provided with necessary appropriations for its operation which would be chargeable to the Office of the City Mayor, as Chairperson of the Davao City Investment Incentive Board, in order to carry out its objectives and mandate.**

## **RULE X. MISCELLANEOUS PROVISIONS**

**Article 30. Visitorial Power of the Board and DCIPC.** **Visitorial Power of the Board and DCIPC - The Board, the DCIPC or any duly authorized member thereof may, at any time, during office hours, inspect the premises, books of accounts and records of any enterprise covered by this Code, require it to submit reports regularly on prescribed forms and act on violation of any provision in this Code. Provided, a written notification is served to the grantee, stating the date and nature of inspection and the name of inspectors; However, the Board, the DCIPC or any duly authorized member thereof, is not precluded from making unannounced visits as it may deem necessary.**

**Article 31. Submission of Reports and other Documents.** Every registered enterprise shall, for each preferred/priority area of investments, submit to the Board the following reports and/or documents within the time herein prescribed:

- a. Amendment of Articles of Incorporation or By-laws, Article of Partnership, or Articles of Cooperation, within thirty (30) calendar days from the date of submission of the said amendments with Securities and Exchange Commission or Cooperative Development Authority;
- b. Change of Directors within thirty (30) calendar days from the change;
- c. Report on alien officers or employees within thirty (30) calendar days from the date of registration or from the appointment of their aliens/replacements; Provided; that such aliens are registered as such with the Bureau of Immigration and Deportation (BID) and with the Department of Labor and Employment (DOLE);
- d. Quarterly report on employment of bonafide Davao City residents including regular, contractual, temporary or hired through an agency within thirty (30) calendar days from the end of each quarter;
- e. Quarterly report on the enterprise's business operations, including its production or gross sales or receipts, and list of products and services that it provides to its customers within thirty (30) calendar days from the end of each quarter;
- f. Audited Annual Financial Statements, within thirty (30) calendar days after its submission to the Bureau of Internal Revenue (BIR);
- g. Report on total local incentives availed of under the Code; and
- h. Other reports that may be required by the Board or the Center.

## **RULE XI. FINAL PROVISIONS**

**Article 32. Sanctions for Late Submission of Reportorial Requirements.**- For late submission of the reportorial requirements, every registered enterprise shall, for each preferred/priority area of investment, be fined in accordance with the following:

- a. 1<sup>st</sup> violation – P 100.00 per day until the requirement has been fully complied with;
- b. 2<sup>nd</sup> violation – P 500.00 per day until the requirement has been fully complied with;
- c. 3<sup>rd</sup> violation – P 1,000.00 per day until the requirement has been fully complied with;
- d. 4<sup>th</sup> violation – cancellation and revocation of the certificate of registration.

In all instances, an enterprise is only allowed to comply and submit any report or document within a period of thirty (30) days, otherwise, its certificate of registration, shall be subject to revocation by the Board. (as amended by City Ordinance 0350-12, Series of 2012)

**Article 33. Penal Clause.** – Any violation of the provisions of this Code, existing laws, ordinances, rules and regulations, shall be ground for the cancellation or revocation of the registration of the business and the withdrawal of all the incentives granted under the Code.

The Certificate of Registration of a Business Enterprise, as provided in the Code and these Rules, may be canceled or revoked due to the following:

- a. Violation of the provisions of the Code and these Rules;
- b. Violation of existing local and national laws, ordinances, rules and regulations;
- c. Failure to commence actual project development within one (1) year from approval of registration.

Cancellation or revocation of the certificate of registration shall mean the withdrawal of all the incentives granted under the Code; and all fees, charges and taxes previously exempted shall become due and demandable.

Upon the recommendation of the Center, the Board may cancel or revoke the Certificate of Registration of the concerned business enterprise through a formal written notice to that effect, and shall become effective on the 16<sup>th</sup> day from the receipt thereof.

**Article 34. Approval.** - All decisions made by the Board on the applications shall be final and executory.

**Article 35. Separability Clause.** - The provisions of these Rules are hereby declared to be separable, and in the event that one or more of the provisions hereof are held illegal or unconstitutional, the validity of the other provisions shall not be affected thereby.

**Article 36. Repealing Clause.** - All other Implementing Rules and Regulations inconsistent with these Rules are hereby modified or repealed accordingly.

**Article 37. Effectivity.** – These Rules shall take effect thirty (30) days after its publication in a newspaper of general circulation and posting in three (3) consecutive weeks in conspicuous places at the City Hall of Davao.