

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**

**REVENUE MEMORANDUM CIRCULAR NO. 50-2010**

**SUBJECT :** Publishing the full text of Memorandum Order No. 314  
Approving the 2010 Investment Priorities Plan

**TO :** All Revenue Officials, Employees and Others Concerned

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For the information and guidance of all internal revenue officers, employees and others concerned, quoted hereunder is the full text of Memorandum Order No. 314 issued by the President of the Republic of the Philippines on April 30, 2010.

**MALACAÑANG**  
Manila

**BY THE PRESIDENT OF THE PHILIPPINES**  
**MEMORANDUM ORDER NO. 314**  
**APPROVING THE 2010 INVESTMENT PRIORITIES PLAN**

Pursuant to Article 29 of the Omnibus Investment Code of 1987, the attached 2010 Investment Priorities Plan (IPP) is hereby **APPROVED**. Further to the provision of said Article, upon the effectivity of the IPP, all government agencies and entities are enjoined not to adopt any policy or take any course of action contrary to or inconsistent with the IPP.

This Memorandum Order shall take effect fifteen (15) days after its publication in a national newspaper of general circulation as required under Article 31 of the Omnibus Investments Code of 1987.

**DONE** in the City of Manila, this 30<sup>th</sup> of April, in the year of our Lord, Two Thousand and Ten.

By the President:

(Original Signed)  
**LEANDRO R. MENDOZA**  
Executive Secretary

MALACĀNĀG  
Manila

MESSAGE

In pursuit of sustainable development, reforms have been the central pillar of my administration as espoused in my 10-Point Agenda, the Medium Term Philippine Development Plan and in my vision of a Strong Republic.

The macroeconomic fundamentals coupled with timely fiscal reforms that my administration has laid down spurred the country's positive economic growth over the years and enabled us to weather the recent global recession that wreaked havoc to the world's economies. These are the testaments that the Philippines remains resilient and is now better equipped to face new challenges.

In support of my administration's agenda and vision, the 2010 Investment Priorities Plan (IPP) seeks to generate more investments and more jobs in the agriculture, industry and services sectors that are geared up to optimize the opportunities from the global economic recovery and the implementation of our international engagements. This IPP is made more significant as it promotes investments in green business initiatives that will also address the climate change challenge towards a Green Philippines.

By "*Maximizing Opportunities of a Stronger Philippine Economy*" and with the committed cooperation of the private sector and the government's resolve to provide a suitable business environment, we can ensure the successful implementation of the 2010 IPP and realize the gains of my administration's development agenda.

The future for the Philippine economy is brighter. I am optimistic and hopeful that with the country's internal strength and resilience, which we have built up through investments in our country and sound economic policies, we can continue the march towards sustainable growth and bring the benefits of economic progress to every Filipino.

*Mabuhay tayong lahat!*



GLORIA MACAPAGAL-ARROYO

Manila, Philippines, 30 April 2010

## FOREWORD

The Philippine economy has remained resilient in the midst of the global economic crisis that swept through the countries in East Asia including China and Japan extending to the US and Europe. The economic reforms implemented through the years of the Arroyo Administration have paved the way for a strong Philippines poised to take advantage of the opportunities from the global economic recovery.

The 2010 Investment Priorities Plan (IPP) provides a platform to maximize these opportunities as well as the benefits from the implementation of our free trade agreements. Recognizing, however, that the effects of the global economic crisis still linger and upon recommendation of the National Economic Development Authority (NEDA), we have retained the **Contingency List**, which is a temporary inclusion in the 2010 IPP to assist existing enterprises recover from global crisis aftermath and which also covers new projects of micro and small enterprises.

Further, the 2010 IPP promotes a sustainable economic model that allows for growth, job creation and environment protection. Embracing an approach that is both green and economically successful, we provide support to private sector initiatives on greenhouse gas emissions reduction and disaster risk management.

The 2010 IPP has identified the priority areas that can provide the greatest push for the country to attract more investments and generate more jobs. In this regard, the 2010 IPP likewise contains the following priority investment areas:

The **Regular List**, which includes nine (9) priority investment areas that were identified to support the current priority programs of the government.

The **Export Activities**, which covers manufacture of export products, export services and activities in support of exporters.

The **Mandatory List**, which now includes the recently passed R.A. No. 9593 or the Tourism Act of 2009, covers all areas/activities where the inclusion in the IPP and/or the grant of incentives under EO 226 is mandated by law.

The **ARMM List**, which covers priority investment areas that have been determined by the Regional Board of Investments of the Autonomous Region of Muslim Mindanao (RBOI-ARMM) in accordance with EO 458. The economic activities listed in the ARMM shall be entitled to incentives provided that the said activities are undertaken in the ARMM region.

The 2010 IPP was formulated through the concerted efforts of the IPP Inter-Agency Working Group spearheaded by the Board of Investments, in coordination with the Regional Board of Investments - Autonomous Region of Muslim Mindanao (BOI-ARMM), the Office of the President – Presidential Management Staff, NEDA, and the Departments of Finance, Agriculture, Energy, Environment and Natural Resources, Health, Labor and Employment, Public Works and Highways, Social Welfare and Development, Science and Technology, Tourism, and Transportation and Communications.

Other participating agencies were the Built Operate Transfer (BOT) Center, Bureau of Customs (BOC), Bureau of Export Trade Promotion (BETP), Bureau of Micro, Small and Medium Enterprise Development (BMSMED), Bureau of Product Standards (BPS), Civil Aeronautics Board (CAB), Civil Aviation Authority of the Philippines (CAAP), Commission on Information and Communications Technology (CICT), Construction Industry Authority of the Philippines (CIAP), Development Academy of the Philippines (DAP), Fiber Industry Development Authority (FIDA), Housing and Land Use Regulatory Board (HLURB),

Intellectual Property Office (IPO), Maritime Industry Authority (MARINA), National Book Development Board (NBDB), National Housing Authority (NHA), National Power Corporation (NPC), National Telecommunications Commission (NTC), Philippine Economic Zone Authority (PEZA), Philippine Ports Authority, Philippine Retirement Authority (PRA), Small Business Guarantee and Finance Corporation (SBGFC), Technical Education and Skills Development Authority (TESDA) and the DTI-Regional Operations Group.

Private sector inputs were likewise obtained through well-attended simultaneous public hearings in Manila, Cebu and Davao on 15 February 2010.

With unity and cooperation among all sectors of the economy, we shall be "*Maximizing Opportunities of a Stronger Philippine Economy*"!



PETER B. FAVILA  
Chairman, Board of Investments  
Secretary, Department of Trade and Industry

Part I

PRIORITY INVESTMENT AREAS

The coverage, description and entitlement to incentives of the following listed activities shall be defined and clarified in the General Policies and Specific Guidelines to be issued by the Board of Investments (BOI).

The grant of incentives under the 2010 IPP is subject to Article 7, paragraph 3 of EO 226, to wit:

"ART. 7 Powers and Duties of the Board. x x x

(3) Process and approve applications for registration with the Board, imposing such terms and conditions as it may deem necessary to promote the objectives of this Code, including refund of incentives when appropriate, restricting availment of certain incentives not needed by the project in the determination of the Board x x x."

I. PREFERRED ACTIVITIES

A. CONTINGENCY LIST

Job Saving/Creation Projects

This covers existing projects and/or activities affected by the global economic crisis that will at least retain investments and either maintain current number of workers, reinstate laid-off workers to equal their pre-crisis number, or increase current number of workers.

This also covers new projects of micro and small enterprises pursuant to R.A. 9501.

Enterprises registered under this list may be entitled to ITH.

The projects enumerated in Annex "A" are not qualified under this listing.

NOTE: The Contingency List is a temporary inclusion in the IPP to enable existing enterprises to recover from the effects of the global crisis and will be delisted upon an official pronouncement by the National Economic Development Authority (NEDA) that the crisis no longer exists.

B. REGULAR LIST

1. Agriculture/Agribusiness and Fishery

This covers production and processing of agricultural and fishery products (including their by-products and wastes), biofuels, feeds, and fertilizers.

This also covers biotechnological products and services.

2. Infrastructure

This covers transport (air, water and mass rail transport), water (water supply and/or distribution), logistics, energy (power generation projects, projects/activities under the PSALM privatization plan, power generation projects located in

missionary areas, and rehabilitation of power plants), waste management facilities, mass housing, physical infrastructure, pipeline projects for oil and gas, and projects under the Build-Operate-Transfer (BOT) Law.

### **3. Manufactured Products**

This covers shipbuilding, and manufacture of machinery and equipment including their parts and components, other transport equipment (air, water and land) including their parts and components, cement, modular housing components (for mass housing projects) and iron and steel products.

This also covers manufacture of chemical compounds or biological substances, other than food, intended for use in the treatment, prevention or diagnosis of disease in humans or animals, including:

1. articles recognized in official Pharmacopoeia or national drug formulary;
2. articles intended for use as a component of the articles in one (1) above; and
3. herbal and/or traditional drugs which are articles of plant or animal origin used in alternative medicine.

### **4. Business Process Outsourcing (BPO)**

This covers voice and non-voice IT-enabled services including procurement and sourcing services.

### **5. Creative Industries**

This covers non-BPO IT-enabled services and film, TV and theater arts production.

### **6. Strategic Activities<sup>1</sup>**

This covers projects that exhibit high social economic returns and require large investments that will significantly contribute to the country's economic development taking into consideration any two (2) of the following:

- a. Minimum project investment cost of the peso equivalent of US\$ 300 Million
- b. Employment generation of at least 1,000
- c. Use of new, emerging and technologically advanced products/services involving breakthrough processes and innovation

This also covers major projects of global companies intended to be located only in one country as a regional hub where the Philippines is one of the short-listed countries for investment location.

### **7. Green Projects**

This covers the production of goods (such as but not limited to capital equipment, lighting, and construction materials), the utilization of which would lead to either the efficient use of energy, natural resources, raw materials, or minimize/prevent pollution.

This also covers systems/processes that would involve the application of cleaner and more efficient technologies on carbon and/or other greenhouse gases emission reduction.

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<sup>1</sup> Projects under these activities will be approved upon determination by the Board in consultation with DOF, NEDA and other appropriate government agencies.

#### **8. Disaster Prevention, Mitigation and Recovery Projects**

This covers projects that will prevent or mitigate adverse impacts of calamities and disasters (e.g., installation of flood control systems, installation of early warning systems for typhoons, earthquake occurrences, tsunami, volcanic eruptions, dikes, etc.)

This also covers projects to rehabilitate areas affected by calamities and disasters (e.g., rebuilding of roads and bridges after earthquakes/floodings, volcanic eruptions, oil spill clean-up, etc.).

This further covers training for disaster preparedness, mitigation or recovery/rehabilitation/reconstruction.

#### **9. Research and Development and Innovation**

This covers commercial and in-house R&D activities, establishment of Centers of Excellence (COE), innovation, and skills development training institutions.

### **II. MANDATORY LIST**

This covers activities that require their inclusion in the IPP as provided for under existing laws.

<u>LAW</u>	<u>ACTIVITY</u>
P.D. 705	<b>Revised Forestry Code of the Philippines<sup>2</sup></b>  This covers extensive plantation of forest land of tree crops (except fruit trees) for commercial and industrial purposes.
R.A. 7942	<b>Philippine Mining Act of 1995<sup>2</sup></b>  This covers the exploration and development of mineral resources, mining, quarrying and processing of metallic and non-metallic minerals.
R.A. 8047	<b>Book Publishing Industry Development Act</b>  This covers printing, re-printing, publication and content development of books or textbooks.
R.A. 8479	<b>Downstream Oil Industry Deregulation Act of 1998<sup>2,3</sup></b>  This covers refining, storage, distribution, and marketing of petroleum products located in government identified logistics hubs.
R.A. 9003	<b>Ecological Solid Waste Management Act of 2000</b>  This covers the establishment of waste recycling facilities. <sup>2</sup>

<sup>2</sup> In general, not entitled to Income Tax Holiday.

<sup>3</sup> Entitled to Income Tax Holiday if registered under RA 8479 (Downstream Oil Industry Deregulation Act).

<u>LAW</u>	<u>ACTIVITY</u>
R.A. 9275	<b>Philippine Clean Water Act of 2004<sup>2</sup></b>  This covers the establishment of industrial wastewater treatment facilities, and sewage collection integrated with treatment facilities and the adoption of water pollution control technology, cleaner production and waste minimization.
R.A. 7277	<b>Magna Carta for Disabled Persons</b>  This covers the manufacture of technical aids and appliances for the use and/or rehabilitation of disabled persons, and the establishment of special schools, homes, residential communities or retirement villages solely to suit the needs and requirements of persons with disability.
R.A. 9513	<b>Renewable Energy Act of 2008</b>  This covers developers of renewable energy facilities, including hybrid systems.  This also covers manufacturers, fabricators and suppliers of locally-produced renewable energy (RE) equipment and components.
R.A. 9593	<b>The Tourism Act of 2009<sup>4</sup></b>  This covers tourism enterprises that are outside the tourism enterprise zones (TEZs) and are engaged in the following: <ul style="list-style-type: none"> <li>• Tour operations;</li> <li>• Tourist transport services whether for land, sea and air transport for tourist use;</li> <li>• Establishment and operation of:               <ul style="list-style-type: none"> <li>- Accommodation establishments such as but not limited to hotels, resorts, apartment hotels, tourist inns, motels, pension houses, private homes for homestay, ecolodges, condotels, serviced apartments, and bed and breakfast facilities;</li> <li>- Convention and exhibition facilities or "meetings, incentives, conventions and exhibition" (MICE) facilities;</li> <li>- Amusement parks;</li> <li>- Adventure and ecotourism facilities;</li> <li>- Sports facilities and recreational centers;</li> <li>- Theme parks;</li> <li>- Health and wellness facilities such as but not limited to spas, tertiary hospitals, and ambulatory clinics;</li> <li>- Agri-tourism farms and facilities; and</li> <li>- Tourism training centers and institutes.</li> </ul> </li> </ul>

<sup>2</sup> Subject to standards to be adopted by the BOI in consultation with the Department of Tourism (DOT).

### **III. EXPORT ACTIVITIES**

This covers the following:

- A. Manufacture of Export Products
- B. Export Services
- C. Activities in Support of Exporters

### **IV. ARMM LIST**

The ARMM List covers priority activities that have been identified by the Regional Board of Investments of the ARMM (RBOI-ARMM) in accordance with EO 458. The RBOI-ARMM can also grant registration and administer incentives to activities in the IPP.

#### **I. PREFERRED ACTIVITIES**

##### **A. Export Activities**

- 1. Export Trader and Service Exporters
- 2. Support Activities for Exporters

##### **B. Agriculture, Agribusiness/Aquaculture & Fishery**

This covers the production of processed foods (production of "Halal" meat and foods), vegetable oils, food crops, integrated coconut processing and plantation, activated carbon, production of beverage crops and plantation, seaweeds production and processing, fruit processing, aquaculture (fish production and processing), young/sweet corn production, potato and sweet potato plantation/processing, cutflower production/processing, abaca plantation/processing, oil palm plantation/processing/refining and germinated oil palm seeds, feeds production, jatropha plantation/processing, sugarcane plantation/processing and refineries, quality seed and seedlings of fruit trees and other planting materials propagated asexually or by tissue culture, pearl culture/processing, production of livestock and poultry that includes processing, crocodile farming and processing, sericulture, feeds production and production of plantation crops and other pharmaceuticals, medical herbs/essential oil plants.

##### **C. Basic Industries**

This covers the production of pharmaceuticals such as antibiotics and medical devices, textile and textile products, inorganic and organic fertilizers using solid wastes materials, mining exploration and development of mineral resources (mining and quarrying of metallic and non-metallic minerals which includes small scale as defined under P. D. 1899 but to exclude river beds in operations and processing of minerals such as beneficiation and other metallurgical methods) and cement production of at least 1.0 million MTPY capacity (clinker based).

##### **D. Consumer Manufactures**

This covers processing of rubber products to be integrated with plantation and leather products.

**E. Infrastructure and Services**

This covers public utilities with developmental route of the five provinces and one city of ARMM and other adjacent cities and provinces such as common carriers, electric transmission/distribution, water supply facilities/waterways and sewerage systems, buses/cargo trucks, other specialized mass transport systems, power generation like hydro power, geothermal and natural gas, and telecommunications with international gateways.

**F. Industrial Service Facilities**

This covers common centers to include testing and quality control laboratories, training and demonstration centers, tool shops and similar facilities, metal casting, metal working, furniture, ceramics and food processing, petrochemical complex and industrial gases.

**G. Engineering Industries**

This covers engineering products, electronics and telecommunication products, fabrication of construction materials and the like.

**H. Energy – Related Activities**

This covers exploration, production, development and utilization of energy resources such as minerals, hydrocarbon, coal, geothermal, hydropower resources, oil, natural gas and any form of renewable energy resources. Investments pertain to both upstream industry and downstream industry in energy resources in the ARMM.

**I. BIMP – EAGA Trade and Investment Enterprises**

This covers enterprises located or have their base of operation in the BIMP – EAGA, namely, Brunel; Sabah and Sarawak in Malaysia; Maluku, Sulawesi, Kalimantan and Irian Jaya in Indonesia; and Mindanao and Palawan in the Philippines, who shall invest and engage in economic activity in the ARMM including the age old Traditional Barter Trading System in the BIMP – EAGA.

**J. Tourism**

This covers the establishment of tourism estate subject to guidelines developed jointly by RBOI-ARMM and the Department of Tourism – ARMM, tourist accommodation facilities, tourist transport facilities and development of retirement villages which shall include health and medical facilities including amenities required by the Philippine Retirement Authority (PRA) and subject to the guidelines to be approved by RBOI-ARMM in consultation with the PRA, the Department of Health (DOH), the Regional Planning and Development Office (RPDO) and other concerned agencies.

**K. Health and Education Services and Facilities**

This covers the establishment of private hospitals, medical clinics, wellness centers, primary education, secondary education, tertiary education (colleges, universities and vocational – technical schools) and ancillary services including any and all health and education related investment.

#### **L. Halal Industry**

This covers services and the production of goods permissible under muslim or Islamic law.

## ANNEX "A"

### Projects Not Qualified Under the Contingency List and MSE Projects

- Banks and financial institutions (as provided under Article 11 of E.O. 226)
- Retailing business as defined under R.A. 8762
- All services except those qualified under the Regular List
- Small-scale mining as defined under P.D. 1899 and R.A. 7076
- Activities that are restricted/regulated by law or ordinances for reasons of security, defense and risk to health and morals (e.g., beerhouse; "health clubs"; manufacture/distribution of dangerous drugs; race track operations and forms of gambling, among others)
- Activities of non-Philippine nationals engaged in small and medium-sized domestic market enterprises that are not qualified under the Foreign Investment Act (R.A. 7042) as amended by R.A. 8170
- Non-agricultural basic consumer goods
- Personal care products
- All existing power and infrastructure projects with sovereign guarantee or granted ITH
- Other activities as may be determined by the Board

\*\*\*\*\*NOTHING ELSE FOLLOWS\*\*\*\*\*

This Memorandum Order was signed on April 30, 2010 and published in a newspaper of general circulation on May 21, 2010.

All concerned are hereby enjoined to be guided accordingly and give this circular as wide publicity as possible.

(Original Signed)  
**JOEL L. TAN-TORRES**  
*Commissioner of Internal Revenue*