



**TOURISM  
INFRASTRUCTURE AND  
ENTERPRISE  
ZONE  
AUTHORITY**

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**MEMORANDUM**

FOR : **ATTY. KAREN MAE G. SARINAS-BAYDO**  
*ACOO, TEZ Management Sector*

FROM : **HERNANDO A. ENAL**  
*Manager, TEZ Assistance and Monitoring Department*

SUBJECT : **Endorsement of Meeting Report on the Orientation of Cresta De Oro**

DATE : **28 January 2021**

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Relative to the orientation for Cresta De Oro, TEMFS for La Jolla TEZ, conducted on 24 November 2020, we respectfully endorse the attached meeting report for your reference.

For your consideration.

Thank you.

## MEETING REPORT

|                   |   |  |                  |
|-------------------|---|--|------------------|
| DATE              | 24 November 2020  | TIME   | 9:30am to 1:40pm |
| VENUE             | On-site and Virtual via Microsoft Teams   |  |                  |
| EVENT             | Re-Orientation for Cresta de Oro  |  |                  |
| EXECUTIVE SUMMARY | <p>This meeting serves as TIEZA's orientation for Cresta de Oro, TEMFS of La Jolla TEZ. The following were discussed:</p> <ul style="list-style-type: none"> <li>• Registration background</li> <li>• Granting of fiscal and non-fiscal incentives</li> <li>• Processing of the Building, Occupancy, ancillary, and business/TIEZA permits</li> <li>• TEZ Assistance and Monitoring functions and mandate</li> <li>• Annual Monitoring Process</li> <li>• Import Inspection Process</li> </ul> <p>TIEZA attendees were able to answer inquiries of Cresta de Oro.</p> |  |                  |
| ATTENDEES         | <p><b>TIEZA</b></p> <p>Catherine E. Sta. Clara<br/>Atty. Niño Ruperto F. Aquino<br/>Lahren Lee Caranay<br/>Generiza S. Olgado<br/>Michael Louis N. Flororita<br/>Jamaica Chloe C. Taguinod</p> <p>Hernando A. Enal<br/>Bernadette A. David<br/>Randulf Joseph A. Demol<br/>Mericris C. Tonio<br/>Laurence M. San Pedro<br/>Trina Lin B. Hurna</p> <p><b>Cresta de Oro</b></p> <p>Lorena B. Santos<br/>Anne Elena Magdalene Sison<br/>Jonathan Maldupana</p>   | <p><i>Technical Assistant to the ACOO for TEZMS Manger, TEZ Regulation Department</i><br/><i>Enterprise Services Supervisor, ERD</i><br/><i>Enterprise Services Supervisor, IAD</i><br/><i>Enterprise Services Chief, ERD</i><br/><i>Enterprise Services Specialist, PLD</i></p> <p><i>Manager, TAMD</i><br/><i>Enterprise Services Supervisor, CMD</i><br/><i>Sr. Enterprise Services Specialist, CMD</i><br/><i>Sr. Enterprise Services Specialist, CMD</i><br/><i>Sr. Enterprise Services Specialist, CMD</i><br/><i>Enterprise Services Specialist, CMD</i></p> <p>La Jolla/Cresta de Oro<br/>La Jolla/Cresta de Oro<br/>Planning Consultant</p> |                  |

### MINUTES OF THE MEETING

This meeting was held upon the request of the Cresta de Oro. To begin with, Mr. Demol presented the staff of TAMD, while Atty. Aquino introduced the staff of TRD. It was followed by the Cresta de Oro presenting its attendees. The meeting was run through the following agenda:

#### **REGISTRATION OF TOURISM ENTERPRISE**

Mr. Flororita discussed the designation background of the La Jolla TEZ and reiterated that the status of its designation is still conditional. The approved Development Plan of the TEZ states that it will be composed of the following types of tourism enterprises: Resort; Aqua sports Center; Condotels; Commercial Center; Adventure Park; and Glamping Site. The TEZ, with all the registered enterprises in the zone, may avail of the fiscal and non-fiscal incentives. Each enterprise must be applied separately for the enjoyment of the incentives. Modifications in the approved development plan are subject to Board approval. Afterwards, Mr. Flororita talked about the roles of a TEZ Operator, where in this case the Cresta de Oro is the operator or the Tourism Estate Management Facilities and Services (TEMFS).

As for the La Jolla being the RTE in the zone, the timetable is part of their commitment hence it will be monitored by the TAMD. La Jolla TEZ is granted the conditional designation and is awaiting affirmation from the Board of its complete compliance to the conditions. Subsequently, the signing of the Registration Agreement. The draft Registration Agreement will be sent to Cresta de Oro before the signing takes place. Ultimately, a copy of the Certificate of Designation of La Jolla will be given to them. Mike also explained the TEZ Recovery Program that TIEZA launched, which features the streamlining of the processes and lowering of TIEZA Fees.

#### **GRANTING OF FISCAL AND NON-FISCAL INCENTIVES**

Mrs. Olgado discussed the different fiscal and non-fiscal incentive, requirements and process on how to avail. She also explained the adjustments in the process and requirements of the issuance of the Certificate of Start of Business Operations due to pandemic.

She added, TIEZA has established an online system for the filing and processing of the issuance of the Importation Permit. Upon registration with TIEZA, the enterprise may already apply for the Electronic Import Permit System (eIPS). She also guided Cresta de Oro with the step-by-step registration in eIPS, as well as the overview of the importation process. Per Mrs. Olgado, the RTE will need to take another step after the issuance of the Import Permit and that is the registration with the Tax Exemption System (TES Lite) of the Department of Finance.

Lastly, Mrs. Olgado reiterated to Cresta de Oro that the lowering of TIEZA fees is effective only until 31 December 2021.

#### **PROCESSING OF ISSUANCE OF BUILDING, OCCUPANCY, ANCILLARY, AND BUSINESS/TIEZA PERMIT**

Mrs. Taguinod presented a checklist of requirements and the step-by-step procedure for the issuance of the permits. Lastly, she presented the Master List of Importable Items.

The following portions is the transcription of the Open Forum portion of the 1<sup>st</sup> part of the orientation:

**Cresta:** *How will TIEZA substantiate the 50% increase in the original investment?*

Mrs. Olgado: *The 50% increase in the original investment cost is required only when the proponent will undertake expansion. The 50% substantial expansion shall be based on the present fair market value of the original investment excluding cost of land.*

Mr. Flororita: *Basically, this applies for RTEs with current development. If you are a new enterprise, the substantial expansion will not be one of the criteria.*

**Cresta:** *Is the TEZ Operator different from TEZ Enterprise? Are they separate entities?*

Mr. Flororita: *We are on a per registered activity. Beside the designation of the zone, what is being registered is the TEZ Operator or what we may call a Tourism Estate Management and Facility Services (TEMFS). The TEZ and the RTE should have separate books of account. Although it is operated by the same company, it should be operated on a per registered activity.*

**Cresta:** *So, is it okay that one company operates multiples activities?*

Mrs. Olgado: *Yes, because it is possible that a company operates multiple activities and some activities are not registered with TIEZA.*

**Cresta:** *File with only one ITR?*

Mrs. Olgado: *Yes. Filing of ITR is per company. In the form, there is a dedicated part for incentives to the registered activities.*

**Cresta:** **Are RTEs exempted from VAT?**

**Mrs. Olgado:** The Tax credit is applicable to RTEs that availed of the GIT incentive, where in transactions of registered activities are VAT-exempted. As in the Sales, if the hotel is registered with TIEZA, there will be no output for the Sales. But the purchases of your registered activity are still responsible for the 12% VAT.

**Cresta:** **So we are not liable for the VAT output?**

**Mrs. Olgado:** No. There is no recognition of the input and output VAT. Having 5 registered activities with TIEZA with different incentives is okay, but the VAT exempt is only for the activities that availed of the GIT. The VAT exemption is not applicable to ITH incentives. All your non-registered activities are subject to VAT.

**Cresta:** **How and where do we apply for Building Permit?**

**Mrs. Taguinod:** Submit all the documentary requirements to TIEZA office of the building official.

**Atty. Aquino:** Supplementary to Chloe's response, you have to register your tourism enterprise before we have the jurisdiction to issue the Building Permit. If the tourism enterprise is not registered with TIEZA, the LGU issues the permit.

**Cresta:** **Does TIEZA already have a MOA with the LGU pertaining to the issuance of permit? Because, presently, the LGU is asking for a copy of that MOA.**

**Atty. Aquino:** We have already coordinated with the LGU and drafted the MOA. We are just waiting for their comments on the draft MOA. Once it is finalized and signed, we will advise you so you can proceed with the application of Building Permit with us. Otherwise, you can apply with the LGU for the meantime.

**Cresta:** **What if the MOA is finalized after the LGU issued us the Building Permit? Is revalidation needed?**

**Atty. Aquino:** No need. We will recognize the Building Permit issued to you by the LGU.

**Cresta:** **Suppose the item is available in the Philippines, can we not lodge the items for import and just import directly from abroad?**

**Mrs. Olgado:** All the items for import will be evaluated before you can proceed with the purchasing. You can purchase items from abroad even if they are locally available, provided they are proved to be insufficient in quantity or quality. What our RTEs do is they get certification from their supplier abroad stating that they don't have distributors of their particular products in the Philippines.

**Cresta:** **During the orientation, you informed us that a separate office in our building is required. Can we occupy the office temporarily?**

**Mr. Enal:** It is not necessary. A provision of a table when we meet with you will do.

**Cresta:** **How often will you visit us?**

**Sir Hernan:** At present, we cannot deploy our staff due to pandemic. We only monitor online.

**Cresta:** **Do you have policies that we need to adopt as a TEZ Operator?**

**Atty. Aquino:** We will not impose policies. We will just monitor your compliance with the approved Development Plan.

**Cresta:** **Can TIEZA assist us in the process of the registrations?**

**Atty. Aquino:** TAMD will give you the assistance you will need and will give you advice on how you can comply with your development plan.

**Cresta:** **In our letter dated September 2020, we requested to avail of the Piso Fee for the registrations. Will that take effect after the granting of our Certificate of Designation?**

**Atty. Aquino:** Once you are designated, we will start collecting the Designation Fee. We have already issued an ATAP.

**Cresta:** As we were advised that our full designation will need to be presented to the Board. Is there already a schedule for that?

**Atty. Aquino:** We will advise you when there is.

**Cresta:** We know that we have to be 1 year registered to be fully designated. We were designated in January 2020. Hopefully, there will be a schedule the soonest.

**Atty. Niño:** We will look into that. Hopefully we can give you the date soon.

### **TEZ ASSISTANCE AND MONITORING DEPARTMENT**

Mr. Enal discussed the main functions of TAMD. He then shared that the department is planning to connect La Jolla TEZ to its flagship TEZs, such as the Mt. Samat FTEZ and Corregidor, and to all other private TEZs in Bataan as this can form a tourism circuit. On the other hand, all private and public TEZs are involved and included in all promotional activities of TIEZA. Lastly, Sir Hernan shared that TAMD is planning to have an Operators Night, or at least form an association of TEZ Operators.

### **TAMD MANDATE**

Ms. David discussed the mandates of TAMD. She also discussed the monitoring activities and the criteria that TAMD look into during the monitoring.

### **ANNUAL MONITORING PROCESS**

Mr. Demol explained the usual process of the annual monitoring (pre-pandemic) and discussed the reportorial requirements from the TEZs and RTEs. He also explained the difference between the QPR and the APR, and when these forms should be submitted to TIEZA. Lastly, he clarified that while travel restrictions are still in place, the usual undertakings are converted to virtual conferences for the meantime.

Afterwards, Ms. Hurna gave a detailed guide on how to fill out the QPR and APR forms. Lastly, Ms. Tonio discussed the 3 phases of the import inspection – the Pre-site inspection, on-site inspection, and installation and sticker labelling.

The following portion is the transcription of the open forum that followed.

**Cresta:** How will the process be if we have our own broker? Are we going to be the consignee?

**Atty. Aquino:** Since you are a registered tourism enterprise entitled to the tax and duty-free importation incentive, you should appear in the document as the consignee.

**Cresta:** During the designation, does the Cresta de Oro automatically becomes the TEZ Operator?

**Atty. Aquino:** No. When the La Jolla TEZ was officially designated, Cresta de Oro was registered as the TEMFS. You do not apply as TEMFS. The La Jolla Luxury Hotel will be registered as a locator inside the TEZ. As for now, Cresta is the operator. If you want to change the operator, inform us. You will also need to provide us an assignment of being a TEZ. Apart from that, we will be requiring you documentary requirements for us to be able to evaluate your financial position as an operator.

**Cresta:** Just an overview, Cresta de Oro is a real estate company. We have many different projects within Bataan.

**Atty. Aquino:** You have an option to retain Cresta de Oro as the TEMFS, provided that you have a separate books of accounts for incentive purposes. Other option is to trade a subsidiary and assign it as your TEMFS. If you are going to establish a subsidiary to be the TEMFS, you have to assign the TEMFS from Cresta de Oro

to that entity, then will ask for another document. We will not be needing project plan anymore, only the SEC Registration so we can evaluate the viability and financial standing of the entity.

**Cresta:** *With regard to the AFS, are we required to have a disclosure part pertaining to the incentives? Is the financial statement consolidated as Cresta de Oro?*

**Mr. Enal:** *The disclosure will appear in the notes of your Financial Statement. Your independent auditor will be able to segregate your activities – those that are incentivized and those that are not. The filing of your Financial Statement is per company, therefore it is consolidated.*

**Cresta:** *How can we avail of TAMD's assistance in terms of promotion and marketing?*

**Mr. Enal:** *We normally ask pictures and some necessary information from our enterprises that we can include in our local and international marketing. Presently, promotions are done virtually due to the restrictions caused by this pandemic. Another thing we can do is we can invite you to attend to different road shows. Once fully designated, you will be included in the listing of tourism enterprises for investment promotion. You can also participate in the promotional activities of DOT. For any other assistance you may need from us, just reach our department. Our staff will assist you.*

Having no other matters to discuss, Atty. Aquino gave his final message and closed the meeting.

#### Minutes of Side Discussions / Meeting

None

| <b>FOLLOW UPS</b><br><i>Projects, Concerns, Et. al.</i>    | <b>CONTACT PERSON</b><br><i>Include Contact Details</i> |
|--|---|
| none   | none  |
| <b>SUBMISSIONS</b><br><i>Letters, Invitations, Et. al.</i> | <b>CONTACT PERSON</b><br><i>Include Contact Details</i> |
| none   | none  |

Prepared by:



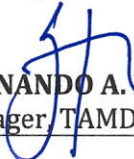
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