





**TOURISM
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MEMORANDUM

FOR : **ATTY. KAREN MAE SARINAS BAYDO**
Assistant Chief Operating Officer
TEZ Management Sector

THRU : **ATTY. NINO RUPERTO F. AQUINO**
Manager, TEZ Regulation Department

FROM : 
ERMINA A. PALOMIQUE
Manager, Incentives Administration Division

SUBJECT : Meeting Report – BIR on 21 January 2021

DATE : 28 January 2021

Relative to the meeting held on 21 January 2021 with the Bureau of Internal Revenue, we are submitting the herein meeting report for your information and further instructions.

Thank you.

MEETING/EVENT REPORT			
DATE	21 January 2021	TIME	4:00 – 5:00 pm
VENUE	Zoom Meeting Room		
EVENT	Updates on TIEZA's request for amendment of Revenue Regulation		
EXECUTIVE SUMMARY <i>Bullet Points</i>	<ul style="list-style-type: none">• TIEZA proposed to the BIR the suspension of the 50% investment requirement for the substantial expansion for an existing tourism enterprise to qualify for registration. This amendment includes the pro-rating of the percentage of the investment cost with an equivalent duration, thus, helping tourism enterprises even with small amount of investment to continue with their expansion plan.• The proposed amendment initially was anchored to the Bayanihan 1, however, the law has expired already. Eventually, Bayanihan 2 was also considered as legal basis for the amendment, unfortunately, it also expired in December 2020.• BIR advised TIEZA to write a letter to DOF regarding its request.		
ATTENDEES	<p><u>TIEZA</u> Atty. Nino Aquino –Manager, TERD Palomique, Ermina –Manager, TERD IAD Olgado, Generiza –Enterprise Services Chief, TERD IAD Biolena, Mhargot - Sr. Enterprise Services Specialist, TERD IAD</p> <p><u>BIR</u> Atty. Juanito Balbastre – BIR Atty. Larry Barcelo – BIR</p>		
HIGHLIGHTS OF THE MEETING			
<p>Backgrounder on communication timeline</p> <ul style="list-style-type: none">• On May 8, 2020, TIEZA sent a letter to BIR requesting for the review of the proposed guidelines on granting tax incentives to TEZs undertaking substantial expansion in-line with the COVID-19 Pandemic.• On July 24, 2020, BIR responded to this with the following recommendations: 1) relevant provisions of R.A. 11469 as legal basis for the request; 2) limit the grant of incentives to RTEs directly affected by COVID-19 pandemic; 3) the Substantial Expansion shall be actual measures to contain the spread of COVID-19 4) clear parameters as to the period of Substantial Expansion• TIEZA sent a reply letter and requesting amendment on some provisions of RR 7-2016. <p>Discussions</p> <ul style="list-style-type: none">• TIEZA asked if the response letter to the July 24, 2020 BIR letter was received.• BIR was not sure if they received the said letter. Instead, they requested for its copy.• TIEZA asked if Bayanihan 2 can be used as a legal basis for the request to			

suspend the 50% threshold for Substantial Expansion. There's a provision in RA 11494 or the "Bayanihan to Recover as One Act" which directs the Department of Tourism to assist the critically impacted businesses and enterprises. Since DOT is the mother agency of TIEZA, this might be also applicable to TIEZA.

- BIR clarified that the Bayanihan 2 already expired in December 2020 and only the budgetary provision was extended until June 2021. Hence, TIEZA cannot use this as a legal basis for the amendment.
- TIEZA asked for other legal basis that it can use for the suspension of the 50% threshold. They also asked if there are other agencies which requested for amendment of tax ruling on the grant of incentives in light of COVID-19 pandemic.
- BIR advised TIEZA to write a supplemental letter to DOF to request the issuance of a policy direction or amendment of RR 7-2016. They said that they will issue a recommendation letter for TIEZA's request.
- BIR explained to TIEZA that they responded to the July 24, 2020 letter and cited some conditions mentioned in the letter signed by the Commissioner which are as follows:
 1. Include in item 2 the relevant conditions of RA 11469 as additional legal basis
 2. Limit the grant of incentives to existing RTEs determined to have actually and directly affected by the Covid-19 pandemic
 3. Expansion, renovation or upgrade to be undertaken should be crucial and a direct result of the measures implemented by the Government to contain the spread of pandemic
 4. Clear parameters as to the period of expansion
- BIR said that they will still try to look for other legal basis and asked TIEZA to do the same.

SUBMISSIONS / FOLLOW-UPS	CONTACT PERSON
1. Wait for BIR's reply. 2. Look for other legal basis of the request	Incentives Administration Division

Prepared by:



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Reviewed by:



GENERIZA OLGADO
Enterprise Services Chief

Noted by:



ERMINA PALOMIQUE
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