

Omnibus Investments Code of 1987 (Executive Order 226)

- **The law was enacted in 1987 to develop the country's industries establish a competitive investment environment and discourage monopolies. It provides a host of incentives to registered investments and sets into place systematic procedures by which local or foreign companies or businesses can easily register.**
- **An important aspect of the law is the provision of incentives, fiscal and non-fiscal, to preferred areas of investments, pioneer or non-pioneer, export production as well as rehabilitation or expansion of existing operation.**
- **Qualified projects, depending on their category, are granted a host of incentives, including income tax holidays, tax credits tax and duty exemption for imported raw materials and equipment, hiring of foreign laborers, exemption from contractors tax, simplified custom procedures and other tax incentives.**

Investment Priorities Plan (IPP)

The Investment Priorities Plan (IPP) is a positive list of investments areas that are eligible for incentives provided under the Omnibus Investments Code. An investor may enjoy certain benefits and incentives, provided he invests in preferred areas of activities found in the current IPP.

Jewelry Listing in the Investment Priorities Plan (IPP)

- **The manufacture of fine jewelry and costume is one of the preferred activities listed in the 2006 IPP that may qualify for registration and be entitled to incentives under E.O.226.**
- **This covers enterprises engaged in the manufacture of jewelry involving any, or combination of processes such as engraving or handicraft, molding and for casting, alloying, stone setting and plating. This includes, among others:**
 - 1) Manufacture of fine jewelry;**
 - 2) Manufacture if imitation jewelry;**
 - 3) Cutting and polishing, forming of precious stones or in producing imitation thereof;**

4) Pearl farming, pearl culturing, and in the production of imitation pearls;

5) Refining and/or forming of precious metals and /or imitations of precious metals; manufacture of articles made of precious metals utilizing goldsmithing and/or silversmithing techniques; manufacture and/or processing of other raw materials and parts used in the manufacture of jewelry; and

6) Activities in support of jewelry manufacturing, such as electroplating, precious stone appraisal and certification and assaying and refining.

For activities in support of jewelry manufacturing, the following qualifications are further required:

1) For Assaying – the firm/facility shall secure accreditation from the Bureau of Product Standards (BPS).

2) For Precious Stone Appraisal and Certification – precious stone appraisal and certification shall be in accordance with the BPS standards.

Incentives under E.O. 226

FISCAL INCENTIVES

1. Income Tax Holiday (ITH)

BOI-registered enterprise shall be exempt from the payment of income taxes reckoned from

the scheduled start of commercial operations, as follows:

- a. New projects with a pioneer status for six (6) years;**
- b. New projects with a non-pioneer status for four (4) years;**
- c. Expansion projects for three (3) years. As a general rule, exemption is limited to incremental sales revenue/volume;**
- d. New or expansion projects in less developed areas (LDAs) for six (6) years, regardless of status;**
- e. Modernization projects for three (3) years. As a general rule, exemption is limited to incremental sales revenue/volume.**

Incentives under E.O. 226

- 2. Zero (0) or one (1) percent duty on imported capital equipment per EO 313 .**
- 3. Tax/duty free importation of breeding stocks and genetic materials for 10 years from date of registration or commercial operation.**
- 4. Tax credits on commercial breeding stocks and genetic materials for 10 years from date of registration or commercial operations.**
- 5. Exemption from wharfage dues, export tax, duty impost and fees (export products only).**
- 6. Tax credit on raw materials and supplies forming part of the export product.**

Incentives under E.O. 226

7. Additional deduction for labor expense (ADLE)

For the first five years from registration, an additional deduction from the taxable income of 50% of the wages corresponding to the increment in the number of direct labor.

8. Exemption from taxes and duties on imported spare parts.

A registered enterprise with bonded manufacturing warehouse shall be exempted from duties and taxes on its importation of supplies/ spare parts for consigned equipment or those imported with incentives.

Incentives under E.O. 226

NON-FISCAL INCENTIVES

- 1. Employment of foreign nationals**
- 2. Simplification of custom procedure**
- 3. Unrestricted use of consigned equipment**
- 4. Access to bonded manufacturing warehouse**

Thank You!