

Jewelry Industry Development Act of 1998 (R.A. No. 8502)

An Act to Promote the Development of the Jewelry Manufacturing Industry,
Providing Incentives Therefore and For Other Purposes

Policies

- **In recognition of the industry's potential to generate employment, enhance tax collection, increase industry linkages, and encourage exports, the government shall support, promote and encourage the growth of the jewelry industry.**
- **Promote and encourage local jewelers to join the formal sector through the establishment of an adequate support structure and the creation of a business environment conducive to the viability, legalization and development of the jewelry sector.**
- **Adopt appropriate tax incentives and programs necessary for the accelerated growth of the industry.**
- **Promote and institutionalize the effective promotion and participation of associations of the jewelry industry in the advancement of skills and craftsmanship of Filipino workers.**

Development Incentives for Qualified Jewelry Enterprises

- a. Entitlement to zero duty on imported raw materials, jewelry parts, accessories and supplies;**
- b. Exemption from excise tax on all jewelry; real or imitation of pearls; precious and semi-precious stone and imitations thereof, jewelry and jewelry parts made of, ornamented, mounted or fitted with precious metals or imitations thereof;**
- c. Entitlement to zero duty on imported capital equipment, including spare parts and tools;**
- d. Additional deduction from taxable income of 50% of expenses incurred in training scheme approved by TESDA;**
- e. Gold and silver sales by the Bangko Sentral ng Pilipinas under minimal margins;**
- f. Authority to buy gold and silver directly from other sources without Bangko Sentral approval except from small-scale miners;**
- g. Inclusion of locally manufactured jewelry products to the government's tourist duty free shops, including promotion, advertisement and sale of jewelry products;**
- h. Availment of incentives provided under R.A No. 7844, R.A. 7916 and E.O. 226 as amended, upon registration under these laws, provided that there is no double availment of same incentives.**

What is a Jewelry Enterprise?

Enterprise engaged in any aspect involved in the manufacture of jewelry, which includes, among others:

- **Manufacture of fine jewelry;**
- **Manufacture of imitation jewelry;**
- **Cutting and polishing, forming of precious stones or in producing imitations thereof;**
- **Pearl farming, pearls culturing, and in the production of imitation pearls;**
- **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**
- **Activities in support of qualified jewelry enterprise, such as electroplating, precious stone appraisal and certification, assaying and refining, and subcontracting to another qualified jewelry enterprise.**

Articles Covered by Development Incentives

- **Articles listed in Annex “A” include jewelry raw materials and supplies.**
- **Articles listed in Annex “B” include machinery, equipment, tools and/or spare parts used in the manufacture of jewelry.**
- **Articles listed in Annex “C” include jewelry raw materials and supplies covered under Section 150 (a) of the National Internal Revenue Code of the Philippines**

NOTE: The correctness and accuracy of the definition of terms with respect to articles of jewelry shall be based on the Explanatory Notes of the Harmonized Commodity Description and Coding System, including the General Rules for Interpretation of the Harmonized System, provided under Section 103 of the Tariff and Customs Code of the Philippines.

Specific Qualifications of Jewelry Enterprise

- **Single proprietorship, cooperative, corporation, partnership, or organization established and duly authorized to do business under Philippine laws;**
- **The Articles of Incorporation shall indicate that jewelry manufacturing is among its purpose for incorporation;**
- **Mayor's Permit or City/Municipal Business Permit;**
- **BIR and BOC-CIIS Registrations;**
- **Endorsed by a duly accredited jewelry association certifying membership of good standing; and,**
- **Engaged or proposing to engage in any of the activities of a jewelry enterprise as defined in Rule II of these Rules. For activities in support of jewelry manufacturing, the following qualifications are further required:**
 1. **For assaying – the accredited firm/facility shall secure accreditation from and shall adopt the standards to be set by the Bureau of Product Standards (BPS).**
 2. **For Precious Stone Appraisal and Certification – precious stone appraisal and certification shall be based on the standards and accreditation to be set by BPS.**
 3. **For Subcontracting of Jewelry Manufacturing – the jewelry enterprise shall enter into an agreement with another QJE engaged in jewelry manufacturing to perform any part of the manufacturing process.**

Specific Qualifications of Jewelry Association

- **Duly registered with the SEC;**
- **At least one (1) year in existence for member of the Confederation of Philippine Jewelers, Inc., otherwise, the jewelry association must be at least three (3) years in existence; and**
- **Has at least ten (10) active members.**

Documentary Requirements for Accreditation under R.A. No. 8502

A. Jewelry Enterprise:

1. Duly Notarized application form for accreditation (Form RA 8502-1), Annual Business Plan, location map and plant layout for each and place of production;
2. DTI Business Name registration (for single proprietorship) / SEC Registration and Articles of Incorporation and By-Laws (for partnership, corporation and organization) CDA Registration (for cooperative);
3. Certificate of Registration with BIR;
4. Certificate of Registration for Importers issued by the Customs Intelligence and Investigation Service (CIIS) of the BOC;
5. Mayor's Permit or City/Municipal Business Permit;

6. **Endorsement form a duly accredited jewelry association certifying membership of good standing;**
7. **Duly notarized certification by the enterprise of its total assets (for newly-formed enterprise)**
8. **Income Tax Return (ITR) duly filed with the BIR with attached Audited Financial Statement (for existing enterprise); and**
9. **Sworn Statement that it shall exclusively use the jewelry inputs,machinery and/or equipment acquired with incentives under this Act for jewelry manufacturing.**

B. Jewelry Association:

- 1. Duly notarized application form for Accreditation (Form R.A. 8502-2);**
- 2. List of active members including their contact person, office and plant addresses, telephone and fax numbers;**
- 3. Annual information Return duly filed with the BIR, including attachments if any; and**
- 4. Accomplishment/Annual Report for the past one (1) or three (3) years for member and non-member of the Confederation of Philippine Jewelers, Inc.**

Documentary Requirements for Renewal of Accreditation under R.A. No. 8502

A. Jewelry Enterprise:

- 1. Same requirements submitted for new applications;**
- 2. Annual Report on Actual Operations ending calendar/fiscal year (BOI Form S-1 RA 8502);**
- 3. All documentary requirements necessary for the availment of excise tax exemption, as may be required by the BIR.**

Filing Fees

- **New Application :**

- 1) Micro Enterprise: -less than P1,500,001 : P1,500.00
- 2) Small Scale Enterprise P1,500,001-P15M : P3,000.00
- 3) Medium Scale Enterprise P15.01M-P60M : P4,500.00
- 4) Large Scale Enterprise P60.01M- and above : P6,000.00

- **Application for Renewal of Accreditation:**

- 1) Micro Enterprise: -less than P1,500,001 : P 750.00
- 2) Small Scale Enterprise P1,500,001-P15M : P1,500.00
- 3) Medium Scale Enterprise P15.01M-P60M : P2,250.00
- 4) Large Scale Enterprise P60.01M- and above : P3,000.00

Contact Lines

- **Application for Accreditation and Renewal**

Mr. Rudy B. Caña

OIC – Project Evaluation and Registration Department

Tel. No.: (02) 895-6617 or 897-6682 loc. 244

Fax No. (02) 895-3997

- **Submission of Reports**

Dir. Angela M. Fernando

Supervision and Monitoring Department

Tel. No.: (02) 890-9544 or 897-6682 loc. 257

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- **Other Industry Concerns**

Dir. Guillermo S. Laquindanum

Mining, Marine and Natural Resource-Based Products Department

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Thank You!