



OFFICE OF THE GOVERNOR

Republic of the Philippines
PROVINCE OF BOHOL
City of Tagbilaran

OFFICE OF THE SANGGUNIANG PANLALAWIGAN

Provincial Ordinance No. 2001-019

ENACTING THE BOHOL INVESTMENT CODE OF 2001

Be it ordained by the Sangguniang Panlalawigan of Bohol in session duly assembled -

CHAPTER 1. TITLE AND DECLARATION OF POLICY

SECTION 1. ***Title*** - This ordinance shall be known and cited as the Bohol Investment Code of 2001.

SECTION 2. ***Declaration of Investment Policy***. - It is hereby declared as a policy of the Provincial Government to promote and encourage domestic and foreign investments in the Province of Bohol. Along this line, the following are the investment policies of the province:

- a) To encourage investment projects that would utilize local labor, substantial amount of indigenous raw materials, and other natural resources of the province;
- b) To promote the optimal utilization of natural resources available within the context of sustainable environment and natural resources management enunciated in Provincial Ordinance No. 98-01, Series of 1998, otherwise known as the "Bohol Environment Code of 1998;"
- c) To promote the marketing of Bohol products in order to maximize production, attain self-sufficiency and optimal productivity;
- d) To attract and encourage investments in priority areas; such as agri-business, light manufacturing, eco-tourism, and other activities that will significantly contribute to the socio-economic development of the province;

- e) To promote Bohol Province as a favorable investment destination with adequate power, adequate water resources, free of urban congestion and pollution and easily accessible to Asia Pacific region and other global markets;
- f) To encourage investments in business activities that will provide livelihood and employment to improve the quality of life and assure that the benefits of development accrue to the people of Bohol; and,
- g) To promote the active participation of non-government organizations and the private sector as partners and catalysts in achieving the development goals of the province.

SECTION 3. **Scope and Coverage.** - This Code shall apply to all persons, entities or enterprises, belonging to small, medium and large-scale categories in preferred areas of investments in agribusiness, light manufacturing, eco-tourism and services and other areas of investments as may be determined from time to time by the Board.

CHAPTER 2. DEFINITION OF TERMS

SECTION 4. **Definition of Terms.** - When used in this Code, the following terms and phrases shall mean as follows:

- a) "BIPC" shall refer to the Bohol Investment Promotion Center created under this Code that serves as the Secretariat and implementing arm of the Board;
- b) "Board" shall refer to the Bohol Investment Board (BIB);
- c) "Code" shall refer to the Bohol Investment Code of 2001;
- d) "Province" shall refer to the Province of Bohol covering all the areas within its territorial jurisdiction now existing or hereinafter acquired, as provided for by law and its chapter;
- e) "Existing enterprises" shall refer to those establishment or enterprises whose places of operation or production are physically located within the territorial jurisdiction of Bohol;
- f) "Expansion projects" include modernization and rehabilitation, and shall mean an increase of existing volume or value of production, or upgrading the quality of registered product or utilization of inefficient or idle equipment, under such guidelines as the Board may adopt;
- g) "Incentives" shall refer to fiscal and non-fiscal incentives as provided for in this Code;
- h) "Local Personnel or Worker" refers to a person who is a *bonafide* resident of Bohol employed in an enterprise registered under this Code;
- i) "New investors/enterprises" shall refer to investors or enterprises that have not or are not currently engaged in any kind or type of business in Bohol but

- intend to, or actually established, their place of operation or production in Bohol;
- j) "Preferred areas of investment" refer to economic activities or sectors declared as priority investment areas by the Board in accordance with the provisions of this Code;
 - k) "Registered enterprises" refer to enterprises or businesses registered in accordance with the provisions of the Code.

CHAPTER 3. BOHOL INVESTMENT BOARD

SECTION 5. **Creation of the Bohol Investment Board.** - There is hereby created a body to be known as the Bohol Investment Board (BIB) to implement the provisions of this Code.

SECTION 6. **Composition of the Board.** - The Board shall be composed of the following:

- Chairman : Provincial Governor
Co-Chairman : President, Bohol Chamber of Commerce and Industry
Members :
- a) Provincial Vice-Governor
 - b) Provincial Planning and Development Coordinator
 - c) Provincial Director, Department of Trade and Industry
 - d) Representative, League of Municipalities-Bohol Chapter, Preferably the President
 - e) Representative, Banking Sector, preferably the President of the Banking Association
 - f) Two representatives, Tourism Industry, as appointed by the Chairman of the Board
 - g) Representative, Manufacturing Sector, as appointed by the chairman of the Board
 - h) Two Representative, Agricultural Sector, as appointed by the Chairman of the Board
 - i) Representative of accredited Non-Government Organizations (NGOs), preferably the President of the association of Bohol NGOs
 - j) Representative, Chairman on Committee on Labor, Sangguniang Panlalawigan; and
 - k) Representative, Committee on Trade and Industry, Sangguniang Panlalawigan

The representatives from the tourism, manufacturing, and agricultural sectors and the accredited Non-Government Organization (NGO) shall be appointed for a term

of two (2) years by the Provincial Governor upon recommendation of the sectors they represent.

The membership of the Board may be increased or decreased by the Sangguniang Panlalawigan upon the recommendation of the Board for the effective implementation of the Code.

The Bohol Investment Promotion Center (BIPC) shall serve as the secretariat of the Board.

SECTION 7. **Board Meetings and Quorum.** - Within sixty (60) days upon approval of this Code, the Provincial Governor, in his capacity as Chairman, shall convene the Board after appointing the members mentioned in Sec. 6 hereof. The Board shall meet at least once in every quarter or as often as may be necessary, on such a day and time as it may fix. The presence of majority of its voting members shall constitute a quorum and a majority of the quorum of a meeting shall be required to exercise its powers and perform its functions.

SECTION 8. **Powers and Functions of the Board.** The primary function of the Board shall be to establish a favorable and stable policy on business that will encourage and support private sector investments and in the operation of business activities consistent with the development needs and environmental objectives of the province. Pursuant to this, the Board shall be vested with the following powers and functions:

- a) To formulate the rules and regulations to implement the intent and provisions of this Code;
- b) To initiate the conduct of technical researches on the priority investment areas to be promoted as well as the appropriate incentives and support measures to be extended to registered enterprises;
- c) To formulate and adopt a long-range investment promotions program and the corresponding incentives and support measures to be used to attract targeted investors;
- d) To supervise the operations and activities of the Bohol Investment Promotion Center (BIPC) for the effective implementation of the provisions of this Code;
- e) To review and update the fiscal and no-fiscal incentives granted to registered enterprises under this Code;
- f) To promote Bohol as an investment and environment friendly destination;
- g) To process and approve any application for registration with the Board imposing such terms and conditions as it may deem necessary to attain the objectives of this Code;
- h) After due notice, cancel the registration or suspend the enjoyment of incentives or benefits of any registered enterprises for (1) failure to maintain the qualification required under this Code for the registration with the Board,

- or (2) violation of any provision of this Code and its implementing rules and regulations or of the terms and conditions of registration and the availment of incentives; and,
- i) To enter into agreement with any entity for the purpose of simplifying systems, procedures, and requirements on investments and business operation in the Province of Bohol.

CHAPTER 4. THE BOHOL INVESTMENT PROMOTION CENTER

SECTION 9. Creation of the Bohol Investment Promotion Center (BIPC).

The Bohol Investment Promotion Center, hereinafter referred to as BIPC, created through Provincial Ordinance No. 99-02, will serve as the Secretariat of the Board. In addition, BIPC shall have the following duties and functions:

- a) To undertake pro-active market development and investment promotion activities;
- b) To serve as one-stop processing and approval center for existing and potential investors and enterprises;
- c) To assist in (1) securing licenses and permits, (2) arranging for the availment of local and national government incentives, and (3) identifying business or joint venture partners, raw materials suppliers, possible business sites and other requirements of existing and potential investors and enterprises;
- d) To establish and maintain data bank on general business information, information on economic activities, available technology, financing sources and other relevant data or information;
- e) To network with counterpart investment promotion organizations and coordinate with support agencies of government and the private sector in investment promotions efforts; and
- f) To build the competence of BIPC staff to conduct investment and environmental management promotion functions.

SECTION 11. Bohol Investment Promotion Center Services. - Pursuant to its duties and functions, the Bohol Investment Promotion Center (BIPC) shall provide the following services, among others:

- a) Provide information on investment opportunities, business procedures, permit requirements, government regulations and other data required by the investor;
- b) Assist investors in completing the requirements of government regulatory agencies;
- c) Make referrals to relevant government bodies, support organizations, service providers and important contacts;

- d) Organize appointments, itineraries and site visits including facilitating arrangements for logistical support;
- e) Updates regarding major infrastructure projects in the province both existing and planned, as well as other programs and developments that will impact the business environment;
- f) Undertake an active advocacy campaign to push infrastructure programs aimed at providing necessary facilities, as well as policy reforms to enhance Bohol's investment climate.

CHAPTER 5. INVESTMENT PRIORITIES PLAN

SECTION 12. **Criteria in Determining Investment Priority Areas.** - Economic activity that shall be included in the Investment Priorities Plan must be environmentally, socio-economically, technically and financially sound after thorough investigation and analysis by the Board. The determination of preferred areas of investment to be listed in the Investment Priorities Plan shall be based on the following:

- a) long-run comparative advantage
- b) economic soundness
- c) extent of contribution of the activity to a specific development goal
- d) market and technical considerations
- e) value of social objectives
- f) other indicators of comparative advantage.

SECTION 13. **Preferred Investment Areas.** - In the initial years of implementation, the following shall be adopted as priority investment areas by the Board:

Tourism

Eco-Tourism

- Accommodation Facilities
- Nature Parks/Mountain Resort
- Transportation Services
- Golf Course
- Restaurants/Food Outlets
- Other Tourism-Related Services

Light Manufacturing

- Precision Assembly
- Semiconductors
- Farm Implements
- Furniture/Furnishings
- Garments

Agri-business

- Post-Harvest Facilities
- High-Value Crop Production
- Fruit/Meat Processing
- Feed Mill
- Aquaculture

Services

- Media/Advertising
- Medical Services/Facilities
- Information Technology
- Financial Services
- Engineering/Architectural Services
- Training and Sports Facilities
- Development of Indigenous Power Sources
- Human Resource Development i.e. as training facilities, educational institutions, etc.

SECTION 14. Determination of Additional Investment Areas.

- (a) Additional economic activities may be included in the list of priority investment areas upon approval by the Board and shall then be adapted for implementation under the Bohol Investment Promotions Program. The inclusion of investment priority areas should be based on the following factors: (1) generation of high levels of employment, (2) high degree of value-added features, (3) creation of linkages with local industries, and (4) no deleterious effect on the environment.
- (b) The Board, however, may remove an area or activity from the list, at any point, when any of the following conditions is present: (1) sufficient investments in the areas or activity have been attained, (2) continued extension of incentives or support measures for the specific investment area is no longer to the interest of Bohol or may place the government and the public in adverse position, (3) the investment area or activity cannot attract investors within reasonable time and cost or may result in unfavorable business climate, and (4) lack of progress in the implementation of an environmental management plan.

SECTION 15. Review of Investment Incentives and Support Measures. -

To promote the growth of investments in the province particularly in the preferred investment areas, the Board shall review the package of incentives and support measures once in every two (2) years, and recommend for approval to the Sangguniang Panlalawigan the appropriate specific fiscal and non-fiscal incentives that the government shall grant to targeted investors and enterprises.

CHAPTER 6. REGISTRATION OF ENTERPRISES

SECTION 16. **Qualifications for New Enterprises.** - All new enterprises intending to avail of the incentives as provided for in this Code must be able to meet the following requirements:

- a) The business enterprise must have complied with all the requirements mandated under existing laws, local and national and under the Philippine Constitution;
- b) The prospective investor's place of operation or production shall be located within the province;
- c) The prospective investment must engage in any of the areas or activities cited in the preferred areas of investment as may hereafter be declared by the Board;
- d) The new enterprise must have a capitalization of at least P1.5 million but not more than P100 million for a medium scale enterprise and more than P100 million for a large scale business project; provided that the amount of capitalization shall be based on the total project cost as stated in the investor's project study submitted to and approved by the Board;
- e) The new enterprise will actually employ qualified bonafide residents of the province equivalent to at least 50% of its total labor/manpower requirements;
- f) Foreign companies intending to apply for registration must comply with Foreign Investment Act of 1991;
- g) The project must not be included in the negative list as provided for under the Foreign Investments Act (R.A. 7042);
- h) Project must not negatively impact the environment, whether in terms of pollution or resource use;
- i) Registered with Securities and Exchange Commission (SEC) in the case of a corporation and association, Department of Trade and Industry (DTI) in the case of a single proprietorship or Cooperative Development Authority (CDA) in the case of a cooperative.

SECTION 17. **Qualifications for Existing Enterprises.** - Any existing enterprise may avail of the incentives under this Code provided that the following qualifications are met:

- a) The business enterprise must have complied with all the requirements mandated under the existing laws, rules and regulations;
- b) The intended expansion or diversification of the existing enterprise must engage in an economic activity identified as an investment priority area by the Board;
- c) The existing enterprise whose place of operation or production is already located within the territorial jurisdiction of the province, but which intends to undertake any of the following activities:

- 1) Relocate its principal but not the production site of activity, generating employment from other places of the country to Bohol; or,
 - 2) Expand its existing production capacity or construct new buildings and other civil works for the installation of new machinery and equipment or improvements thereof which will result in an increase in production capacity.
- d) The expansion or diversification shall have an additional project cost in the scale as provided in this Code, provided that the amount of capitalization shall be based on the total additional project cost and such expansion or diversification as stated in the investor's project study submitted to and approved by the Board;
 - e) The expansion or diversification project will provide employment to bonafide residents of the province; and,
 - f) The expansion or diversification will include an environmental management plan.

SECTION 18. **Registration Requirements.** - New or existing enterprises shall file its application for registration with the Board through the Bohol Investment Promotion Center. A registration book shall be used to record all applications filed. The date appearing and stamped on the applications shall be considered the date of official acceptance. The following documents shall likewise be submitted:

- a) Three (3) copies of duly completed application form to be provided by the Bohol Investment Promotion Center (BIPC) in accordance with the provisions of this Code;
- b) A copy of the Certificate of Registration issued by the Securities and Exchange Commission, the Department of Trade and Industry, Board of Investments or the Cooperative Development Authority, as the case may be;
- c) For existing enterprises, a copy of the latest financial statement of the applicant firm; and,
- d) For corporate type of ownership, a board resolution authorizing the person to file the application.

SECTION 19. **Registration Procedures and Approval of Application.** - The Board shall formulate appropriate rules and regulations to facilitate action on applications filed, prescribe criteria for the evaluation of applications, and devise standard forms for use by applicants. The Chairman of the Board shall approve all applications processed by the BIPC.

SECTION 20. **Certificate of Registration.** - Under this Code, an enterprise is considered registered upon approval of its application with the Board, and as such, legally entitles it to fully avail of any or all of the fiscal incentives provided in this Code. A registered enterprise shall be issued a Certificate of Registration duly signed by the Board's chairman in such style and form as the Board may determine.

CHAPTER 7. RIGHTS AN PRIVILEGES

SECTION 21. ***Rights and Privileges.*** - The Provincial Government of Bohol, through the Bohol Investment Board, guarantees to all registered enterprises their full entitlement of the rights and privileges provided under this Code and other laws, viz:

- a) Provide concise and comprehensive information to prospective investors regarding the economic priorities of the province, target investment areas, and the general conditions applicable to incoming direct private investments;
- b) Disseminate to investors and the general public, the investment evaluation criteria and registration procedures to enhance government transparency in the process of granting investments in the province;
- c) Take into full account the need of investors for industrial peace, stability, growth and profit in their operations whenever policies are to be formulated and modified affecting investments in the province;
- d) Facilitate implementation of the investment project;
- e) Not to interfere or modify arrangements with investors after the details for the implementation of an investment project has been accepted and approved, and the ownership and management structure of the enterprise has been established, unless the law provided otherwise;
- f) Avoid and/or provide undue distortion of competition between or among enterprises operating within the territorial jurisdiction of the province, whether domestic or foreign, when granting any special exemptions or incentives aimed at encouraging investment in the identified target areas;
- g) In accordance with law, all investors who shall invest under this Code are hereby encouraged to hire employees residing within the province; and in cases where no local personnel or worker is qualified and capable, allow the employment of qualified non-residents or foreign personnel where this is necessary, for the efficient operation of the enterprise or for technology transfer;
- h) Resolve all doubts and/or conflicts concerning the benefits, privileges, and incentives granted under this Code or in other local ordinances enacted for the purpose of encouraging investment, in favor of the investor.

CHAPTER 8. FISCAL AND NON-FISCAL INCENTIVES

SECTION 22. ***Tax Incentives to Registered Enterprises.*** - In addition to the incentives provided under Republic Act 7160 otherwise known as "Local Government Code of 1991," and Republic Act 7916 known as "The Special Economic Zone Act of 1995," Executive Order No. 226 known as "Omnibus Investments Code of 1987" and other pertinent laws, a registered enterprise under this Code shall enjoy the following tax incentives:

- a) Tax credit equivalent to ten percent (10%) of the total cost of approved infrastructure project to be deducted from the future real property tax liability of the registered enterprise within a period of five (5) years starting from the date of the expiration of the tax exemption of the registered enterprise; provided, that said infrastructure project shall be open for public use;
- b) Exemption from the real property tax imposed under Provincial Ordinance No. 97-001, otherwise known as the Provincial Revenue Code of Bohol, for a period of seven (7) years from the date of registration approved by the Bohol Investment Board or from the date of the expiration of the registered enterprise' tax exemption as provided under other national laws, whichever is applicable; provided, that the tax exemption shall pertain only to the thirty-five percent (35%) share of the province.

SECTION 23. **Non-Fiscal Incentives.** - Registered enterprises and investors shall be granted the following non-fiscal incentives:

- a) Provision of a one-stop documentation center for simplified documentation procedures;
- b) Consistent support for industrial peace through BIPC;
- c) Assistance in securing direct source of electric power and water supply connection;
- d) Assistance in the negotiation of special rates for industries with a minimum load of at least 1000 kilowatts;
- e) Assistance in site selection and negotiation for right of way;
- f) Assistance in labor recruitment and arbitration;
- g) Other non-fiscal incentives as may be determined by the Board.

CHAPTER 9. FINAL PROVISIONS

SECTION 24. **Appropriations.** - Appropriation covering the current operating expenditures and capital outlays for the Board and the Bohol Investment Promotion Center (BIPC) shall be included in the annual provincial budget.

SECTION 25. **Monitoring and Evaluation.** - The BIPC shall monitor and evaluate project implementation for purposes of ensuring that the objectives of the projects are accomplished.

SECTION 26. **Penal Provisions.** - Any violation of the provisions of this Code, existing laws, ordinances, rules and regulations by any registered enterprise, shall be ground for the cancellation or revocation of the registration of the business and the withdrawal of all the incentives granted under this Code.

SECTION 27. **Separability Clause.** - It is declared that the provisions of this Code are separable, and in the event that one or more of the provisions are declared

illegal or unconstitutional by a competent court, the validity of the other provisions shall not be affected, and shall continue to be in force and effect.

SECTION 28. **Repealing Clause.** - All ordinances, executive orders particularly Executive Order 99-002 dated February 12, 1999, rules and regulations inconsistent or in conflict with the provisions of this Code are hereby repealed, amended or modified accordingly.

SECTION 29. **Effectivity.** This ordinance shall take effect immediately upon its approval.

APPROVED: June 29, 2001.

(ORIGINAL SIGNED)
Atty. EDGARDO M. CHATTO
Vice Governor
(Presiding Officer)

ATTESTED:

(ORIGINAL SIGNED)
BONIFACIO M. QUIROG, JR.
SP Secretary

APPROVED:

(ORIGINAL SIGNED)
RENE LOPEZ RELAMPAGOS
Governor