

MALACAÑANG

Manila

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 528

REDUCING THE RATES OF DUTY ON CAPITAL EQUIPMENT, SPARE PARTS AND ACCESSORIES IMPORTED BY THE BOARD OF INVESTMENTS (BOI) REGISTERED NEW AND EXPANDING ENTERPRISES

WHEREAS, Executive Order No. 313, dated 15 May 2004, entitled "Modifying the Rates of Duty on Capital Equipment, Spare Parts and Accessories Imported by the Board of Investments (BOI) Registered New and Expanding Enterprises" provide for zero percent duty and one percent duty on certain articles imported by BOI registered new and expanding export and domestic enterprises, respectively;

WHEREAS, EO 313 is effective for a period of two (2) years from its effectivity or until 6 June 2006;

WHEREAS, the Government is committed to continually encourage investments in preferred areas of activities;

WHEREAS, there is a need to extend BOI registered enterprises duty-free treatment on importation of capital equipment, spare parts and accessories, which are currently being enjoyed by enterprises located within economic zones and freeports;

WHEREAS, importation of capital equipment is one of the major cost burdens of business enterprise in their start up operations;

WHEREAS, allowing duty free importation will make the Philippines more competitive in attracting industries in the face of an increasing competitive Asian market for foreign direct investments;

WHEREAS, Section 401 of the Tariff and Customs Code of the Philippines empowers the President of the Republic of the Philippines, upon the recommendation of the National Economic and Development Authority to increase, reduce or remove existing protective rates of import duty.

NOW, THEREFORE, I GLORIA MACAPAGAL ARROYO, President of the Philippines, by virtue of the power vested in me, do hereby order:

Section 1. Any importation of capital equipment, spare parts and accessories by enterprises registered with the Board of Investments (BOI) shall be subjected to zero (0%) duty, as indicated in Section 2 hereof.



Section 2. The zero percent (0%) duty on article or equipment classified under Chapters 40, 59, 68, 69, 70, 73, 76, 82, 83, 84, 85, 87, 89, 90, 91 and 96 of the Tariff and Customs Code of the Philippines, as amended, shall be granted to BOI registered new and expanding enterprises, upon the issuance by the BOI of a Certificate of Authority; provided that the importation of machinery, equipment, spare parts and accessories shall comply with the following conditions:

- a) They are not manufactured domestically in sufficient quantity, of comparable quality and at reasonable prices; and
- b) They are reasonably needed and will be used exclusively by the enterprise in its registered activity, unless prior approval of the BOI is secured.

Section 3. The registered enterprise cannot sell, transfer or dispose of the aforementioned capital equipment, machinery, spare parts, and accessories, without prior Board approval within five (5) years from date of importation. Otherwise, the registered enterprise will be solidarily liable to pay twice the amount of the duty foregone without prejudice to other applicable penalties under E.O. 226.

Section 4. The Board of Investments shall promulgate the implementing rules and regulations governing the importation hereof.

Section 5. All Presidential issuances, administrative rules and regulations or parts thereof, which are inconsistent with this Executive Order are hereby revoked or modified accordingly.

Section 6. This Executive Order shall take effect thirty (30) days following its complete publication in two (2) newspaper of general circulation in the Philippines and shall be availed of for a period of five (5) years from the date of effectivity of this Order or until enactment of the bill amending E.O. 226, otherwise known as the Omnibus Investment Code of 1987, as amended, whichever is earlier.

Done in the City of Manila, this *12th* day of *May* in the year of Our Lord, Two Thousand and Six

Gloria Arroyo



By the President:

Eduardo R. Ermita

EDUARDO R. ERMITA
Executive Secretary



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