



Republic of the Philippines
QUEZON CITY COUNCIL
Quezon City
18th City Council

PO2012-37

83rd Regular Session

ORDINANCE NO. SP- 2219, S-2013

AN ORDINANCE ADOPTING THE ECONOMIC DEVELOPMENT INCENTIVES CODE OF QUEZON CITY.

Introduced by Councilors JESUS MANUEL C. SUNTAY, ALLAN BENEDICT S. REYES, EUFEMIO C. LAGUMBAY, VINCENT DG. BELMONTE, GODOFREDO T. LIBAN II, DOROTHY A. DELARMENTE, ALEXIS R. HERRERA, FRANCISCO A. CALALAY, JR., ANTHONY PETER D. CRISOLOGO, RICARDO T. BELMONTE, JR., JOSEPH P. JUICO, PRECIOUS HIPOLITO CASTELO, ALFREDO D. VARGAS III, EDEN "Candy" A. MEDINA, JULIENNE ALYSON RAE V. MEDALLA, RODERICK M. PAULATE, JULIAN ML. COSETENG, JAIME F. BORRES, JOSE MARIO DON S. DE LEON, GIAN CARLO G. SOTTO, JESSICA CASTELO DAZA, RAQUEL S. MALAÑGEN, MARVIN C. RILLO, IVY LIM-LAGMAN, RANULFO Z. LUDOVICA and JOHN ANSELL R. DE GUZMAN.

WHEREAS, it is imperative for Quezon City to pursue economic growth as a sustainable solution to alleviating poverty;

WHEREAS, Quezon City has established its vision, policy framework, and action plan to steer the City towards inclusive economic development in the medium and long terms through the Revised Quezon City Comprehensive Zoning Ordinance (Series 2013), Comprehensive Land Use Plan (CLUP), Comprehensive Development Plan (CDP), Tourism Development Plan (TDP), Shelter Plan, and Socio-Economic Development Plan;

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WHEREAS, in these plans, the City recognizes the strategic importance of collaboration with the private sector in the pursuit of its goals, and recognizes that this partnership can best be cultivated by creating conditions conducive to the growth and competitiveness of this sector;

WHEREAS, given its resources and competitive advantages over other urban centers within the National Capital Region (NCR), Quezon City presents greater opportunities for both foreign and domestic businesses to prosper within the context of a favorable investment climate, which in turn, will generate more jobs and enhance the delivery of basic social services for its people;

WHEREAS, data indicate that investors are more likely to locate their capital in destinations that offer an attractive combination of both fiscal and non-fiscal incentives in tandem with a strong business-friendly climate, which is best enhanced by means of good infrastructure, a fair judicial system, strong governance, attractive markets, and an educated citizenry, among others;

WHEREAS, to maximize the potential for inclusive growth and development embodied in the City's various policies and planning documents, the City Government finds it necessary to craft a measure to rationalize incentives in order to attract investors into the City, particularly those identified as providing greater value-added benefits to the City and its people.

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF QUEZON CITY
IN REGULAR SESSION ASSEMBLED:

BOOK I
GENERAL PROVISIONS

Section 1. Title. This Ordinance shall be known as the
"Quezon City Economic Development Incentives Code of 2013."



ARTICLE I
DECLARATION OF POLICY

1. It is the declared policy of the City to encourage the entry, expansion, diversification and modernization of medium and large enterprises in various areas of the commercial, industrial and service sectors through the provision of appropriate incentives packages.
2. These incentives packages shall be geared towards:
 - 2.1 Accelerating the achievement of the City's socio-economic development goals as contained in its Comprehensive Development Plan (CDP), Comprehensive Land Use Plan (CLUP), The Revised Quezon City Comprehensive Zoning Ordinance (Series 2013), Tourism Development Plan (TDP), and all other development planning documents of the City Government.
 - 2.2 Encouraging the inflow of domestic and foreign investments into Quezon City in order to attain inclusive economic growth as characterized by the creation of more jobs and income generating opportunities, as well as an expansion of the City's revenue base.
 - 2.3 Promoting collaborative efforts with the private sector, among themselves or with government, in support of the City's socio-economic development objectives by means of various tools and modalities such as, but not limited to, Public-Private Partnerships, Corporate Social Responsibility projects, Social Enterprises, and Cooperativism.
 - 2.4 Prioritizing enterprises that contribute to enhancing the core strengths of the City as well as those identified as imperative to the realization of its development agenda. x

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ARTICLE II
SCOPE, NATURE AND PURPOSE

This Code applies to all direct investments in the City, including domestic and foreign; and resident and non-resident, but excluding portfolio investments and ordinary trade transactions and short-term monetary operations.

Provided further, that this Code shall be consistent with the standards set by the existing 1987 Philippine Omnibus Investment Code, the Regulations of the Department of Trade and Industry (DTI) and the Department of Tourism, and shall be in conformity with the 1991 Foreign Investment Act, Retail Trade Liberalization Act of 2000, Republic Act 6977, as amended by R.A. No. 8289 and further amended by R.A. No. 9501 [Magna Carta for Micro, Small and Medium Enterprises (MSMEs)], the Special Economic Zone Act of 1995 (R.A. No. 7916), the Tourism Act of 2009 (R.A. No. 9593), and other related laws.

Provided finally, that this Code shall provide both the policy and implementing guidelines for the programming and prioritization of the City's development programs and projects as reflected in the approved policy mandates included in, among others, the approved Quezon City Comprehensive Development Plan, the Quezon City Comprehensive Land Use Plan, the Quezon City Tourism Development Plan, and the Revised Quezon City Comprehensive Zoning Ordinance (Series 2013). It should harmonize with and take advantage of the mandate and prescriptions of national development policies, plans and programs, such as Public-Private Partnership (or PPP) and the Medium-Term Philippine Development Plan (as they relate to Quezon City), the National Investments Incentives Code, and the Philippine Economic Zone Authority (PEZA).

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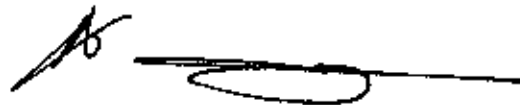
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ARTICLE III
DEFINITION OF TERMS

- a) "QC-EDIB" refers to the Quezon City Economic Development Investment Board.
- b) "Expansion" shall include modernization and rehabilitation and shall mean an increase in the existing volume or value of production or the upgrading of the quality of the registered product or the utilization of inefficient or idle equipment under such guidelines as the QC-EDIB may adopt.
- c) "Foreign Investment" shall mean an equity investment made by a non-Philippine national in the form of foreign exchange and/or other assets actually transferred to the Philippines and duly registered with the Bangko Sentral ng Pilipinas (BSP), which shall assess and appraise the value of such assets other than foreign exchange.
- d) "Foreign Loans" shall mean any credit facility or financial assistance other than equity investment denominated and payable in foreign currency or where the creditor has the option to demand payment in foreign exchange and registered with the Bangko Sentral ng Pilipinas (BSP) and the Board of Investments (BOI).
- e) "Local Economic Investment Promotions Office" means the office established in Article V, Book I of this Code.
- f) "MLEs" – shall mean Medium and Large Enterprises, in which a medium enterprise has a capitalization of PhP15,000,001-100,000,000.00, whereas a large enterprise has a capitalization of PhP100,000,001.00 and above.
- g) "Modernization Project" refers to a project of a non-pioneer enterprise that involves improvements in systems, processes, equipment, and/or facilities resulting in any of the following: λ



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- k) "Non-pioneer Enterprise" shall include all registered producer enterprises other than pioneer enterprises.
- l) "Processing" shall mean the conversion of raw materials into marketable form through physical, mechanical, chemical, electrical, biochemical, biological or other means or by a special treatment or a series of actions, such as slaughtering, milling, pasteurizing, drying or desiccating, and quick freezing, that results in a change in the nature or state of the products. Mere packing or packaging shall not constitute processing.
- m) "Rank and File Employee" - refers to any person in the employ of an employer. Such employee performs tasks that are routine or clerical in nature, with no power to make any independent judgment in the interest of the employer. The term rank and file employee includes regular, casual seasonal, probationary, project/non-project, fixed-term, or field personnel.
- n) "Raw Materials" - shall mean any article which when used in the manufacture of another article becomes a homogenous part thereof, such that it can no longer be identified in its original state, nor may it be removed therefrom without destroying or rendering useless the finished article to which it has been merged, mixed or dissolved.
- o) "Registered Enterprise" shall mean any individual, partnership, cooperative, corporation or other entity incorporated and/or organized, duly registered with the Securities and Exchange Commission (SEC) and/or Department of Trade and Industry as the case may be, with a legitimate license to operate business. The conduct of business to be approved by the QC-EDIB shall conform to existing national laws and local ordinances.



ARTICLE IV
QUEZON CITY ECONOMIC DEVELOPMENT
AND INVESTMENT BOARD

Section 1. **CREATION AND ORGANIZATION.** The Quezon City Economic Development and Investment Board, herein referred to as the QC-EDIB, shall be composed of the following:

Chairperson - Mayor

Vice-Chairperson - Vice-Mayor

Members - Chairperson, City Council
Committee on Trade;
Commerce and Industry

Chairperson, City Council
Committee on Ways and
Means

City Administrator

Chief, Business Permits and
Licensing Office (BPLO)

Head, Public Employment
Service Office (PESO)

City Treasurer

City Planning and
Development Officer

Senior Adviser to the Mayor

President, Quezon City
Polytechnic University (QCPU) 7



All Members of the QC-EDIB shall receive per diem for every meeting actually attended subject to existing budgeting, accounting and auditing laws, rules and regulations on compensation, honoraria and allowances. Provided, that when an authorized representative attends a meeting, the representative shall be entitled to receive per diem.

Section 2. Powers and Duties of QC-EDIB. The QC-EDIB shall be responsible for the implementation of this Code. To achieve this end, it is tasked to promote, regulate and monitor investments in Quezon City. It shall develop policies to enhance the business climate, attract investors and support existing businesses.

It shall conduct at least one meeting every quarter of the year. In addition to its regular meetings, the Chairperson of the QC-EDIB, or upon the request of the majority of the QC-EDIB members, may convene a special meeting, provided there is proper written notice, and provided further that the matters taken up in such special meetings shall cover no other matters than those provided for in the Notice of Special Meeting and its corresponding agenda. A majority of the members of the QC-EDIB shall constitute a quorum. The affirmative vote of the majority of the QC-EDIB members present at a meeting validly held shall be deemed necessary to exercise its powers and perform its duties, which shall be as follows:

1. Approve the Economic Development and Investment Plan (EDIP) and cause its updating every three (3) years, in accordance with the Comprehensive Land Use Plan and the Comprehensive Development Plan implementation, and with consideration of economic developments and investment priorities and trends in the Philippines, in the Asian region and in the rest of the world that have an impact on Quezon City.



2. Approve an Investment Priorities Plan (IPP) to be drafted by the Local Economic Investment Promotions Office (LEIPO) within the guidelines of the Economic Development and Investment Plan (EDIP) and Quezon City's Annual Investment Plan, and specify the manner in which it shall be updated, revised or amended.
3. Review, evaluate and approve or disapprove the applications for incentives packages of prospective local/foreign businessmen/entrepreneurs who would want to avail themselves of the incentives provided by this Code.
4. Recommend, for the action of the City Mayor, agreements and/or contracts that can be entered into by the Quezon City Government with other government agencies and/or private organizations for the purpose of improving the ease of doing business in Quezon City through but not limited to systems integration and simplification, technical cooperation, data sharing, and other ways of expediting and/or simplifying transactions and procedures.
5. Conduct hearings if necessary, on issues concerning possible violations committed against any provisions of this Code and likewise, invoke the proper sanctions/penalties (such as but not limited to reprimand, cancellation of business license, withholding of benefits or incentives) to all violators of any of the terms and conditions stipulated herein.
6. Periodically review, evaluate and update the operations of Business-One-Stop-Shops (BOSS), in order to ensure optimum efficiency as well as the integration of inter and intra office processes to ensure compliance with the principles and tenets of a business-friendly city.
7. Review annually the process for the assessment and payment of business taxes and recommend ways to improve them in the interest of speed, comfort, fairness and transparency, without sacrificing the welfare of the City and its people, taking into consideration feedback generated from the private sector. ✕



8. Recommend to the City Council any amendment, revision and/or modification to the existing Quezon City Economic Development Incentives Code.

ARTICLE V
LOCAL ECONOMIC INVESTMENT
PROMOTIONS OFFICE

Section 1. Local Economic Investment Promotions Office (LEIPO). There shall be a Local Economic Investment Promotions Office, headed by the Investment Promotions Head to be appointed by the City Mayor as Chairperson of the QC-EDIB; the LEIPO Head shall report directly to the QC-EDIB. The LEIPO shall have Operations, Promotions and Marketing, and Support Services staff manned by the number of personnel necessary to fulfill its mandate; provided that the compensation of such personnel are within the capacity of the Office's allocated budget; provided further, that any increase in personnel shall be approved by the QC-EDIB.

The LEIPO shall be the implementing arm of the Quezon City Economic Development Incentives Code. It shall also function as the Technical Secretariat of the QC-EDIB. Likewise, it shall coordinate the drafting of the Quezon City Investment Priorities Plan, which shall be based primarily on the development agenda set forth by the City as embodied in its various policy documents, also taking into consideration the economic development plans and policies outlined by the various national government agencies. The LEIPO shall ensure compliance with the IPP, and monitor and evaluate its effectiveness.

Section 2. Staffing Pattern. The Office may be staffed by at least ten (10) Consultants, hiring of which is made necessary by the challenges of employing personnel with the requisite qualifications, and twenty-nine (29) Regular Plantilla personnel whose positions and qualifications are based on stipulations of the policies of the Qualification Standards of CSC M.C. No. 1, S-1997 and are as follows: (Please refer to ANNEX "A") γ



Section 3. Immediate Staff of the LEIPO. The immediate staff shall serve the Investment Promotions Head with staff advice and assistance on personnel information, records, communications, supplies, equipment, disbursements, budgeting of the LEIPO, operational expenses and other custodial work, and such other functions as may be assigned to it by the Investment Promotions Head.

Section 4. Qualifications of the LEIPO Head. The Head of the LEIPO shall have the rank of City Government Department Head III (Salary Grade 27). The LEIPO Head shall have the following qualifications:

- a. A Filipino citizen, a bona fide resident of Quezon City, and of good moral character;*
- b. A holder of a college degree, preferably in Marketing/Management, and must have at least a Master's Degree in any field of Business Economics, Business Finance, Business Marketing/Management, or any related field;*
- c. A Professional Civil Service Eligible or its equivalent, and*
- d. At least ten (10) years professional experience at the managerial level in the field of Economics, Finance or Marketing/Management.*

Section 5. Functions, Duties and Responsibilities. The LEIPO shall have the corresponding functions, duties and responsibilities, to wit:

- a. Operations*
 - i. Formulate annual and medium-term plans for Medium and Large Enterprises (MLE) development;*
 - ii. Prepare investment opportunity profiles, including but not limited to industry profiles, project profiles, and viability/feasibility studies;*

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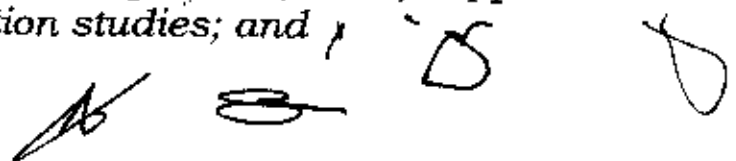
- iii. Identify support investment activities, such as but not limited to trade agreements with other LGUs for sourcing of raw materials; cooperation agreements with other government entities to facilitate investor transactions; and Public-Private Partnership (PPP) arrangements;
- iv. Monitor the performance of investments;
- v. Coordinate and monitor policies, programs and activities relative to MLEs of all national and local government agencies;
- vi. Continuously review the local investment climate and incentives program in order to recommend improvements;
- vii. Provide advisory and other support services to new investors to facilitate their investments;
- viii. Provide advisory and other support services to established investors to promote investment retention and/or investment expansion;
- ix. Prepare presentations and materials for QC-EDIB when meeting with MLEs;
- x. Advise qualified investors on the preparation of their applications for incentives packages.

b. Promotions and Marketing

- i. Promote and market Quezon City as an attractive investment/business destination;
- ii. Identify key investment opportunities from among those provided by the Operations unit to be highlighted in promotions and marketing efforts;
- iii. Disseminate information about such to potential investors through: trade missions, trade fairs and exhibits, fora/seminars, briefings/orientations, etc.;

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- iv. Prepare investment promotion materials (i.e. presentations of industry and project profiles; competitive analyses vis a vis other LGUs; competitive advantages of Quezon City; other general business information);
 - v. Develop and implement retention/expansion strategies for existing investors.
- c. Support Services
- i. Provide facilitation services to investors, which shall include assistance in the following requirements:
 - a) Registration requirements of the Securities and Exchange Commission (SEC), Department of Trade and Industry (DTI) or Cooperative Development Authority (CDA) as the case maybe;
 - b) Obtaining of Barangay Clearance/ Certification;
 - c) Securing of Locational Clearance;
 - d) Securing of Fire Safety Inspection Certificate (FSIC);
 - e) Processing of Mayor's Permit;
 - f) Applications for Certificate of Registration (COR) and TIN at the Bureau of Internal Revenue (BIR);
 - g) Registration with the Social Security System (SSS);
 - h) Registration with the Philippine Health Insurance Corporation (PhilHealth);
 - i) Applications for the conduct of Department of Labor and Employment (DOLE) approved time and motion studies; and



- j) *Applications for Environmental Clearance Certificates (ECC) from the DENR*
- ii. *Establish and maintain a database of investment opportunities and investors;*
- iii. *Operate an on-line information assistance desk;*
- iv. *Recommend and/or implement improvements in systems and processes towards simplification or improved productivity;*
- v. *Coordinate access to skilled, City-based manpower resources.*

Section 6. Reportorial Duties of LEIPO. The LEIPO shall prepare yearly reports on the status of MLEs in the City, including but not limited to:

- a. *List of existing MLEs before the grant of incentives packages provided hereunder;*
- b. *List of MLEs that have applied for incentives packages;*
- c. *List of MLEs invited by the QC-EDIB and/or LEIPO to invest in Quezon City and the total number that have made investments in the City as a consequence of the invitation;*
- d. *List of MLEs that have ceased operations, including the reason/s for closure;*
- e. *Analysis of the increase or decrease of investments in Quezon City vis-à-vis the business climate;*
- f. *Performance evaluation of the qualified MLEs; and*

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- g. Recommended strategies to further increase investments of MLEs or prevent decrease thereof based on the findings from letters a - f of this section.

The term "List" in this section shall contain the name of the company or corporation, with information as to whether it is a principal or franchise, the amount of capitalization, the nature of investment, its investment strategies, and other information necessary to assist the QC-EDIB in carrying out its mandate.

BOOK II

THE ECONOMIC DEVELOPMENT AND INVESTMENT PLAN (EDIP) AND INVESTMENT PRIORITIES PLAN (IPP)

ARTICLE I GUIDING PRINCIPLES

Section 1. Guiding Principles – The QC-EDIB shall be guided by the following considerations before any incentives package provided herein is granted:

- a. Net Value-added and Multiplier Effect – The incentives package given to qualified enterprises must be commensurate to the benefits received by the City as shown by its economic internal rate of return and in terms of an increase in economic activity and interrelationships generated and stimulated by the investment.
- b. Measured Capacity - The enterprise contributes to the estimated volume of productivity or fills a gap in the spectrum of services that the Board determines to be desirable in each preferred area of investment listed in the Economic Development Investment Plan. ✓

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- c. *Equal Playing Field* – In principle, the QC-EDIB shall maintain an equal playing field in granting incentives to all qualified investors. However, additional incentives for enterprises that generate significant levels of employment for residents of Quezon City, maintain the same, and make significant investments in growth areas provided under the Quezon City Comprehensive Land Use Plan (CLUP) or in distressed or blighted areas shall not be construed as treating comparable investors unequally.

ARTICLE II
ECONOMIC DEVELOPMENT AND INVESTMENT PLAN (EDIP)

Section 1. *Economic Development and Investment Plan (EDIP)*. The Local Economic Investment Promotions Office (LEIPO), after consultation with the private sector, the national government through the appropriate offices, such as but not limited to the National Economic and Development Authority, the Department of Trade and Industry (and the affiliate Board of Investments), and the Department of the Interior and Local Government (DILG), shall submit to the QC-EDIB an Economic Development and Investment Plan (EDIP), which shall delineate the economic directions and investment priorities of the City.

The EDIP shall provide for the Role of the City Government as discussed in Article IV of this Code, in relation to the needs and concerns of the qualified pioneer MLEs, in order to achieve mutually beneficial arrangements between both parties in consonance with the objectives provided herein.

Upon evaluation and approval of the Economic Development Investment Plan by the QC-EDIB, the same shall be forwarded by the Board to the Quezon City Council for confirmation through a Resolution. γ

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The EDIP shall be in effect for three (3) years, unless otherwise amended or revised earlier by the QC-EDIB by a three-fourths (3/4) vote of all its members in a meeting duly called for the purpose. Any amendment or revision of the EDIP shall be made only after a comprehensive review and analysis demonstrates that the proposed amendment or revision is reasonable and necessary in terms of current investment trends, both local and international.

ARTICLE III
INVESTMENT PRIORITIES PLAN (IPP)

Section 1. Formulation of the IPP. The LEIPO shall annually formulate an Investment Priorities Plan (IPP) that will reflect the relative importance of investments within the guidelines of the Economic Development and Investment Plan and Quezon City's Annual Investment Plan.

Section 2. Contents of the IPP. The IPP shall contain the following:

- a. *List of preferred and/or mandatory activities in the identified preferred areas of investment listed in the Economic Development Investment Plan;*
- b. *Guidelines for the approval of the applications of the MLEs in preferred and/or mandatory activities; and*
- c. *Extent of entitlement to incentives of qualified pioneer or non-pioneer MLEs engaged in the preferred and/or mandatory activities in the identified preferred areas of investment.*

Section 3. Adoption and Review of the IPP. The IPP shall be subject to the approval of the QC-EDIB through a majority vote, in a meeting duly called for the purpose.





The IPP shall be in effect for one (1) year, unless otherwise amended or revised by the QC-EDIB, through a majority vote, in a meeting duly called for the purpose.

ARTICLE IV
ROLE OF THE QUEZON CITY GOVERNMENT

Section 1. The City Government is committed to enhancing its business climate by way of the following support programs, among others:

- a. *Adequate Infrastructure and Ease of Access.* The City Government shall enact policies and programs that will facilitate access to investment sites, whether by way of road and sidewalk infrastructure or by way of traffic and transportation policies and programs.
- b. *Development of Information and Communications Technology (ICT) Infrastructure.* The City Government shall promote investments in ICT infrastructure and facilities. It shall also maximize the use of e-governance systems and mechanisms for promoting and facilitating interaction, access to information, and ease of private enterprise-local government transactions in the City, with both local and international publics.
- c. *Public Private Partnership (PPP).* This Code recognizes the PPP as a potentially significant investment strategy for the City. The City may, by itself or in cooperation with the National Government, provide incentives to private sector proponents of PPP projects. Further, the City may explore other forms of PPP in such a way that qualified MLEs may be given access to and

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allow investment in government owned properties by means of joint venture agreements for the establishment of factories and/or manufacturing industries in preferred areas of investment to be determined in the Economic Development Investment Plan. To achieve this end, idle and forfeited lands of the City may be made available for investments. Finally, private properties available for investments may also be acquired and made available for public consumption only upon payment of just compensation.

- d. *Ease of Doing Business.* It is the duty of the City Government to promote an environment conducive to the entry and growth of enterprises in the City, by way of clarity and transparency in tax assessment procedures, provision of express lanes in new business registration and renewals, and express lanes for the issuance of construction permits; provision of services that can act speedily on requests for redress; provision of hotlines to address immediate concerns of MLEs; and other measures to fully effect the thrust of creating a Business-Friendly City.
- e. *Links to Human Resource Needs.* The City Government shall provide links to qualified manpower sources, such as colleges, universities and training centers, as well as to the manpower recruitment and other services of the City Government's Public Employment Services Office (PESO) and Quezon City Polytechnic University (QCPU). To this effect, the QC-EDIB through the PESO and QCPU shall establish systems to assist and endorse qualified employees from among the bona fide residents of Quezon City for employment to the qualified MLEs. γ



- f. *Urban Renewal.* It is the duty of the City Government to ensure a clean, green and pleasant environment to enhance its livability. To this end, it is the City's policy to redevelop blighted areas in cooperation with private capital and assist informal settlers with their shelter needs through a sustainable socialized housing program.
- g. *Safety and Security.* Taking into consideration the peculiar security needs of global enterprises that undertake their operations during irregular work hours, it is the duty of the City Government to work more closely with the Philippine National Police to strengthen security and safety measures in these areas of operation as well as to further train and equip local public order and safety officers and staff as a force multiplier.
- h. *Industrial and Labor Relations.* The City Government should create ways to promote industrial peace and mutual growth and benefit among the qualified MLEs. They should encourage and support all forms of employee participation in production. The rights of the employees to participate in policy-or decision-making on matters affecting their rights, duties, benefits or welfare shall also be recognized.
- i. *Economic Support and Security.* The City may find means to lessen the cost inputs including power and other utilities to attract more and quality investments. The QC-EDIB may be empowered to negotiate and enter into contracts with all utility providers to such effect. Creative alternatives to reduce the costs of inputs and utilities must also be facilitated.

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BOOK III
MEDIUM AND LARGE ENTERPRISES (MLEs)

Section 1. Medium and Large Enterprises (MLEs). MLEs shall be defined as any business activity or enterprise whether partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, must have value falling under the following categories:

- Medium : PhP15,000,001 - P100,000,000;*
- Large : PhP100,000,001 and above.*

Section 2. Coordination. The QC-EDIB through its Chairman shall coordinate with the Micro, Small and Medium Enterprise Development (MSMED) Council, Board of Investments (BOI), Philippine Economic Zone Authority (PEZA) and other National Government Agencies by entering into a Memorandum of Agreement or Understanding (MOA or MOU), as may be necessary to ensure that the rights and benefits of MLEs in the City are duly protected and available.

ARTICLE I
QUALIFICATIONS OF MEDIUM AND LARGE ENTERPRISES

Section 1. Qualifications of Pioneer or New Enterprises. New investors who intend to avail themselves of any of the incentives provided for in this Code must meet the following qualifications:

- a. The enterprise must have complied with all the requirements mandated under existing local and national laws and the Constitution;*
- b. The enterprise must not have been found guilty with finality of any violation of the provisions of Philippine and the City Government's Labor Laws;*



- c. *The prospective investment must be engaged in activities consistent with the Economic Development Investment Plan and satisfy the criteria contained in the Investment Priorities Plan;*
- d. *The new enterprise will provide for a labor and employment force where at least fifteen percent (15%) of total rank and file employees in case of a medium enterprise, and at least twenty percent (20%) of total rank and file employees in case of a large enterprise, are bona fide residents of Quezon City;*
- e. *The new enterprise, upon receipt of the incentives provided herein shall execute an undertaking to operate in Quezon City where the business is located for a period of time agreed upon by the investor and the QC-EDIB, barring incidents of Force Majure and/or Acts of God.*

Section 2. Qualifications of Non-Pioneer Enterprises. A non-pioneer enterprise may avail itself of any of the incentives provided for in this Code provided the following requirements are present:

- a. *The enterprise must have complied with all the requirements mandated under existing local and national laws and the Constitution;*
- b. *The enterprise must not have been found guilty with finality of any violation of the provisions of Philippine and the City Government's Labor Laws;*
- c. *The expansion/diversification must be engaged in activities in accordance with the Economic Development Investment Plan and the Investment Priorities Plan;*

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- d. *The non-pioneer enterprise will expand its existing production capacity or construct new buildings and other civil works for the installation of new machineries and equipment or improvements thereof, which will result in an increase in production capacity.*
- e. *The expansion/diversification shall provide for a labor and employment force where at least fifteen percent (15%) of total rank and file employees in case of a medium enterprise, and at least twenty percent (20%) of total rank and file employees in case of a large enterprise, are bona fide residents of Quezon City;*
- f. *The non-pioneer enterprise, upon receipt of the incentives provided herein shall execute an undertaking to operate in Quezon City where the business is located for a period of time agreed upon by the investor and the QC-EDIB, barring incidents of Force Majure and/or Acts of God.*

BOOK IV

INVESTMENT INCENTIVES TO QUALIFIED PROJECTS

ARTICLE I

INCENTIVES FOR PIONEER ENTERPRISES

Section 1. Non-Fiscal Incentives. In addition to services to be provided by the LEIPO under Book I, Article IV, Section 4 of this Code, qualified MLEs shall be entitled to the following non-fiscal incentives:

- a) *An account officer shall be assigned by the LEIPO to assist pioneer or new enterprises in obtaining the requirements enumerated in Book I, Article 5, Section 4.c.i, provided that said enterprise has no previous operation in the City and that the qualifications set forth in Book III, Article 1, Section 1 have been duly complied with;*



- b) *Transparency in the process of registering and qualifying for the grant of City Government incentives;*
- c) *No modifications by the City Government of regulatory or contractual requirements and arrangements or interference in the internal operations of the enterprise, after the granting of local government incentives to the enterprise, unless such modifications are the result of mutual agreement between the registered enterprise and the City Government;*
- d) *Access to comprehensive information on investing and doing business in Quezon City, including all plans and policies of the City Government as they relate to economic growth and development;*
- e) *Facilitate employment of qualified foreign personnel, as may be required for the efficient operation of the enterprise or for technology transfer, provided that no Philippine national is qualified or available for the tasks or jobs they are to undertake;*
- f) *Expeditious certification, registration, licensing and permitting operations through the installation of systems and procedures that guarantee minimal red tape and express processing;*
- g) *Promotion of public safety for the enterprise and its personnel through police, fire and disaster-related public assistance services;*
- h) *Resolution of all gray areas in the interpretation of benefits and incentives granted under this Code, in favor of the investor.*

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Section 2. Fiscal Incentives. Qualified MLEs shall be entitled to the following fiscal incentives:

- a. Tax Holiday on Real Property (RPT) for four (4) years of operation, excluding Barangay share, under the condition that the lands, buildings and machineries are owned by the qualified MLEs and shall be actually, directly and exclusively used in the furtherance of their business;
- b. For purposes of computing the base of the business tax by the City Government, a special deduction on the Gross Income for Business taxes for four (4) years of operation shall be made in the following amounts:
 - i. A fixed deduction from taxable gross income of PhP5,000,000.00 in the case of qualified Medium Enterprises;
 - ii. A fixed deduction from taxable gross income of PhP10,000,000.00 in the case of qualified Large Enterprises;
- c. Exemption from payment of Franchise Tax for four (4) years of operation, provided there is direct connection with the business activities of the qualified MLEs;
- d. Exemption from payment of Amusement Tax for four (4) years of operation, provided the activity for which the Amusement Tax is to be imposed has a direct connection to the business activities of the qualified MLEs;
- e. Exemption from payment of tax on transfer of real property ownership for four (4) years of operation, provided that the real properties acquired shall be actually, directly and exclusively used in the furtherance of the business of the qualified MLEs. γ

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ARTICLE II
INCENTIVES FOR NON-PIONEER ENTERPRISES

Section 1. *Non-Fiscal Incentives.* In addition to the services to be provided by the LEIPO under Book IV, Article I, Section 1 of this Code, qualified non-pioneer MLEs shall be entitled to the following non-fiscal incentives:

- a) An account officer shall be assigned by the LEIPO to assist non-pioneer enterprises in obtaining the requirements enumerated in Book I, Article 5, Section 4.c.i, provided that said enterprise shall be increasing capitalization in the enterprise, and that the qualifications set forth in Book III, Article 1, Section 1 have been duly complied with;
- b) Transparency in the process of registering and qualifying for the grant of City Government incentives;
- c) No modifications by the City Government of regulatory or contractual requirements and arrangements or interference in the internal operations of the enterprise, after the granting of local government incentives to the enterprise, unless such modifications are the result of mutual agreement between the registered enterprise and the City Government;
- d) Access to comprehensive information on investing and doing business in Quezon City, including all plans and policies of the City Government as they relate to economic growth and development;

- e) Facilitate employment of qualified foreign personnel, as may be required for the efficient operation of the enterprise or for technology transfer, provided that no Philippine national is qualified or available for the tasks or jobs they are to undertake;
- f) Expeditious certification, registration, licensing and permitting operations through the installation of systems and procedures that guarantee minimal red tape and express processing;
- g) Promotion of public safety for the enterprise and its personnel through police, fire and disaster-related public assistance services;
- h) Resolution of all gray areas in the interpretation of benefits and incentives granted under this Code, in favor of the investor.

Section 2. Fiscal Incentives. Qualified MLEs shall be entitled to the following incentives:

- a. Tax Holiday on Real Property (RPT) for three (3) years of operation, excluding Barangay share, with the condition that the lands, buildings and machineries are owned by the qualified MLEs and shall be actually, directly and exclusively used in the furtherance of their business;
- b. For purposes of computing the base of the business tax by the City Government, a special deduction on the Gross Income for Business taxes for three (3) years of operation shall be made in the following amounts:
 - i. A fixed deduction from taxable gross income of PhP5,000,000.00 in the case of qualified Medium Enterprises; ✓

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- ii. A fixed deduction from taxable gross income of PhP10,000,000.00 in the case of qualified Large Enterprises;
- c. Exemption from payment of Franchise Tax for three (3) years of operation, provided there is a direct connection with the business activities of the qualified MLEs;
- d. Exemption from payment of Amusement Tax for three (3) years of operation provided there is a direct connection with the business activities of the qualified MLEs;
- e. Exemption from payment of tax on transfer of real property ownership for three (3) years of operation, provided that the real properties acquired shall be actually, directly and exclusively used in the furtherance of the business of the qualified MLEs;
- f. Exemption from payment of Closure of Business/Retirement Fees, provided that such MLEs will expand business operations to satisfy the criteria provided in the CLUP and/or the EDIP.

ARTICLE III
SPECIAL INCENTIVES FOR PIONEER AND
NON-PIONEER ENTERPRISES

Section 1. Employment of Bona Fide Residents of Quezon City. Qualified pioneer and non-pioneer enterprises may be entitled to the following special incentives in the alternative:

- a. Medium Enterprises
 - i. Additional one (1) year Tax Holiday on Real Property (RPT) and Business Tax - If at least thirty percent (30%) of total rank and file employees of the enterprise seeking this incentive, are bona fide residents of Quezon City;



- ii. *Additional two (2) years Tax Holiday on Real Property and Business Tax – If at least sixty percent (60%) of total rank and file employees of the enterprise seeking this incentive, are bona fide residents of Quezon City;*
- iii. *Additional three (3) years Tax Holiday on Real Property (RPT) and Business Tax – If one hundred percent (100%) of total rank and file employees of the enterprise seeking this incentive, are bona fide residents of Quezon City.*

b. *Large Enterprises*

- i. *Additional one (1) year Tax Holiday on Real Property (RPT) and Business Tax – If at least forty percent (40%) of total rank and file employees of the enterprise seeking this incentive, are bona fide residents of Quezon City;*
- ii. *Additional two (2) years Tax Holiday on Real Property (RPT) and Business Tax – If at least seventy percent (70%) of total rank and file employees of the enterprise seeking this incentive, are bona fide residents of Quezon City;*
- iii. *Additional three (3) years Tax Holiday on Real Property (RPT) and Business Tax – If one hundred percent (100%) of total rank and file employees of the enterprise seeking this incentive, are bona fide residents of Quezon City.* γ

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For purposes of qualifying for the Special Employment Incentives in Sections 1(a) and 1(b), qualified enterprises shall submit documentary evidence to prove the residence of their rank and file employees. Such documentary evidence shall include the COMELEC Registration Identification Card in combination with any valid Government I.D or proof of permanent residency.

Provided that, the abovementioned rank and file employees shall have been employees of the enterprise from the beginning of the taxable year for which the MLEs are seeking special incentives.

Provided further that, within thirty (30) days after the expiration of the period of fiscal incentives granted in Article I, Section 2 and Article II, Section 2 of this Book, the qualified MLEs shall submit the list of their rank and file employees to the LEIPO covering the three-year period for medium enterprises and four-year period for large enterprises.

Provided finally that, upon submission of said list to the LEIPO, the latter shall evaluate and average the total number of employees residing in Quezon City hired for the number of years aforementioned. The average thereof shall be the basis of the QC-EDIB in determining whether the enterprise qualifies for these additional special incentives on employment.

Section 2. Tax Credit for the Purchase of Raw Materials. Qualified pioneer and non-pioneer enterprises may be entitled to tax credits for the purchase of raw materials from which final products are made.

The total amount paid for the purchase of raw materials shall be deducted from the business tax due on the taxable year of the qualified pioneer and non-pioneer enterprises, subject to the following conditions: y



- (a) The raw materials must be produced by business enterprises registered in Quezon City;
- (b) The transaction must be evidenced by official receipts;
- (c) The purchased raw materials must be actually, directly and exclusively used in the production and/or operation of the said business enterprise; and
- (d) Tax credits may be availed of only for the purchases made during the taxable year from the time the qualified pioneer and non-pioneer enterprises ceased to enjoy the incentives provided under Book IV, Articles I & II; and Section 1 of this Article.

Provided however, that qualified pioneer and non-pioneer enterprises shall be disqualified to avail themselves of tax credits if they are found guilty of acts described in Book IV, Article VIII, Section 1, of this Code.

ARTICLE IV
REGISTRATION OF ENTERPRISES ENGAGED IN INVESTMENTS
PROVIDED IN EDIP

Section 1. A Registration Certificate shall be granted to all qualified enterprises, whether pioneer enterprise, non-pioneer enterprise, or PPP enterprise to be granted incentives and privileges under the PPP Law, whose applications for incentives packages have been approved by the QC-EDIB.

ARTICLE V
IMPLEMENTING RULES AND REGULATIONS

Section 1. Within ninety (90) days after the passage of this ordinance, the QC-EDIB shall adopt its Implementing Rules and Regulations (IRR). †



ARTICLE VI
RESPONSIBILITIES OF REGISTERED
ENTERPRISES

Section 1. *Reportorial Obligations.* Registered enterprises shall submit reports to the QC-EDIB on the operations of the enterprise twice yearly, before the end of the second and fourth quarter of the calendar year respectively, and the annual audited financial report on operations. The LEIPO may require other data/documents to be included in the said report.

Section 2. *Visitorial Requirements.* The QC-EDIB, through its implementing arm (LEIPO) shall, in consultation and in coordination with the registered enterprise, undertake visits to the enterprise and request to be briefed on the status of operations, to be assured of the enterprise's compliance with the grant of preferences and investment incentives, and to be alerted to any assistance or support that can be provided by the City Government.

ARTICLE VII
APPROPRIATIONS

Section 1. *Quezon City Investment Incentives Fund or QC-EDIB Fund.* The Maintenance and Other Operating Expenses of the newly created Office for Calendar Year (CY) 2013 shall be taken from the balance of the budgetary allocation through the Supplemental Budget from the General Fund, or from any available funds of the City Treasury.

The annual fund necessary for the maintenance and operation of the QC-EDIB and LEIPO shall be included in the yearly appropriations from the General Fund of the Quezon City Government. x



ARTICLE VIII
MISCELLANEOUS
PROVISIONS

Section 1. Reimbursement/Return of the Fiscal Incentives – The MLEs shall be required to reimburse or return the equivalent amount of the fiscal incentives duly received in any of the following instances:

- a. The MLEs failure to comply or maintain the qualifications set forth under Book III, Article 1, Sections 1 or 2, except otherwise provided therein; or*
- b. The MLE is found guilty of misrepresentation or fraud for the purpose of availment of the incentives contained in this Code.*

Provided further, the Board shall determine after due notice and hearing, whether or not a reimbursement of the fiscal incentives is in order and shall make a determination of the amount to be reimbursed or returned. This section is without prejudice to the powers and functions of the Board.

Section 2. Transitory Provisions - Within thirty (30) days after the enactment of this Ordinance, the City Mayor shall convene the QC-EDIB. Likewise, the City Mayor shall appoint the Investment Promotions Head who will immediately activate the LEIPO to perform its mandates under this Code.


Section 3. Separability Clause. The provisions of this Code are separable. If for any reason, any section of the Code shall be declared to be unconstitutional or invalid, the validity of the other provisions shall not be affected and shall continue to be in full force and effect.




Section 4. *Repealing Clause.* All local legislation and executive directives inconsistent or in conflict with this Code are hereby repealed or modified accordingly.

Section 5. *Effectivity.* This code shall take effect upon its approval.

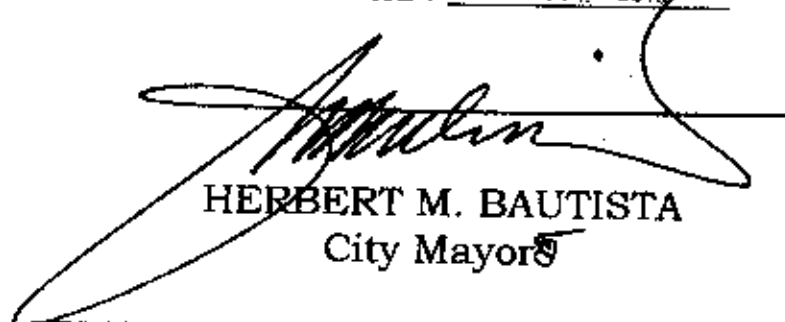
ENACTED: April 22, 2013


MA. JOSEFINA G. BELMONTE
Vice Mayor
Presiding Officer

ATTESTED:



Atty. JOHN THOMAS S. ALFEROS III
City Gov't. Asst. Dept Head III

APPROVED: 18 JUN 2013


HERBERT M. BAUTISTA
City Mayor

CERTIFICATION

This is to certify that this Ordinance was APPROVED by the City Council on Second Reading on April 22, 2013 and was PASSED on Third/Final Reading on June 10, 2013.


Atty. JOHN THOMAS S. ALFEROS III
City Gov't. Asst. Dept Head III 