



Republic of the Philippines
QUEZON CITY COUNCIL

Quezon City
22nd City Council

PO22CC-275

72nd Regular Session

ORDINANCE NO. SP- **3296** , S-2024

AN ORDINANCE REVISING ORDINANCE NO. SP-2219, S-2013, OTHERWISE KNOWN AS THE "QUEZON CITY ECONOMIC DEVELOPMENT INCENTIVES CODE OF 2013," BY REPEALING BOOK III AND BOOK IV OF THE ORDINANCE, UPDATING THE INCENTIVES PROVIDED TO MEDIUM AND LARGE ENTERPRISES, AND DOING AWAY WITH THE CATEGORIZATION OF PIONEER AND NON-PIONEER ENTERPRISES

Introduced by Councilors WENCEROM BENEDICT C. LAGUMBAY, DOROTHY A. DELARMENTE, M.D., EMMANUEL BANJO A. PILAR and ALBERT ALVIN "Chuckie" L. ANTONIO III

Co-Introduced by Councilors Bernard R. Herrera, Tany Joe "TJ" L. Calalay, Joseph P. Juico, Nikki V. Crisologo, Charm M. Ferrer, Fernando Miguel "Mikey" F. Belmonte, Aly Medalla, Dave C. Valmocina, Tatay Rannie Z. Ludovica, Godofredo T. Liban II, Don S. De Leon, Atty. Anton L. Reyes, Edgar "Egay" G. Yap, Imee A. Rillo, Raquel S. Malañgen, Irene R. Belmonte, Nanette Castelo-Daza, Marra C. Suntay, Joseph Joe Visaya, Alfred Vargas, MPA, Shaira "Shay" L. Liban, Aiko S. Melendez, Mutya Castelo, Maria Eleanor "Doc Ellie" R. Juan, O.D., Kristine Alexia R. Matias, Eric Z. Medina, Vito Sotto Generoso, Victor "Vic" Bernardo, Jose Maria M. Rodriguez and Jhon Angelli "Sami" C. Neri

WHEREAS, the Quezon City Government sees that the pursuit for economic growth, including the importance of collaboration with the private sector by providing the latter an environment conducive for growth and providing businesses a more favorable investment climate attuned to the City's medium- and long-term economic development goals, is the answer to poverty alleviation;

WHEREAS, on April 22, 2013, the Quezon City Council passed Ordinance No. SP-2219, S-2013, otherwise known as the "Quezon City Economic Development Incentives Code of 2013," with the intention to provide foreign and domestic businesses with greater opportunities in Quezon City to prosper within the context of favorable investment climate, which, in turn, will generate more jobs and enhance delivery of basic social services for the people;

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WHEREAS, under Ordinance No. SP-2219, S-2013, it is the declared policy of the City to encourage the entry, expansion, diversification and modernization of medium and large enterprises through the provision of incentive packages geared towards the achievement of the City's socio-economic development goals, to encourage the inflow of domestic and foreign investments, and to promote collaborative efforts with the private sector;

WHEREAS, to ensure that the objectives of Ordinance No. SP-2219, S-2013 will be achieved, the Quezon City Economic Development and Investment Board (QC-EDIB) was created with the task to promote, regulate and monitor investments in Quezon City, as well as recommend to the City Council any amendment, revision and/or modification to the said Ordinance;

WHEREAS, in line with DILG Memorandum Circular 2010-113 dated October 13, 2010, Ordinance No. SP-2219, S-2013 also created the Local Economic Investment Promotions Office (LEIPO) which serves as the implementing arm and technical secretariat of the QC-EDIB;

WHEREAS, Books III and IV of Ordinance No. SP-2219, S-2013 differentiate pioneer and non-pioneer enterprises, and provide fiscal and non-fiscal incentives based on their category;

WHEREAS, upon review by the LEIPO and the QC-EDIB, it is found that such categorization has been ineffective in enticing enterprises to invest in our City;

WHEREAS, during the September 14, 2023 meeting of the QC-EDIB, recommendations for new incentive packages were discussed and deliberated without the necessity of pioneer and non-pioneer categories;

WHEREAS, the 22nd City Council passed Ordinance No. SP-3213, S-2023 providing for incentives to private entities that made donations to the Quezon City Government in support of its priority programs;

WHEREAS, there is a need to amend Ordinance No. SP-2219, S-2013 in order to reflect the recommendations of the QC-EDIB that provide for better and more customized incentive packages that will propel the City's economic growth and development.

NOW, THEREFORE,

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

SECTION 1. OBJECTIVE. – This Ordinance aims to repeal Book III (Medium and Large Enterprises) and Book IV (Investment Incentives to Qualified Products) of Ordinance No. SP-2219, S-2013 and to provide for the new incentive packages for medium and large enterprises in Quezon City.

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SECTION 2. DEFINITION OF TERMS. – In addition to the definition of terms found in Ordinance No. SP-2219, S-2013, the following terms are hereby defined as:

- a. *Medium and Large Enterprise (MLE)* – refers to an enterprise, whose total assets or resources are owned by an individual or company, inclusive of those arising from loans but exclusive of the land on which the particular business entity’s office, plant and equipment are situated, and which must have value falling under the following categories:

Medium: Php15,000,001.00 to Php100,000,000.00; and

Large: Above Php100,000,001.00;

- b. *Micro Enterprises* – refer to enterprises whose total assets or resources are owned by an individual or company, 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 above Php3,000,000.00 to Php15,000,000.00;
- c. *New Business* – refers to a private enterprise that is established, created and registered in Quezon City for not more than 1 year before the availment of the incentives found in the Ordinance;
- d. *Business Expansion* – refers to either (i) an existing enterprise that is yet to have business registration in Quezon City and is planning to open an office or branch in Quezon City with an allocated capital of above Php15,000,001.00; or (ii) an existing enterprise registered in Quezon City and plans to expand its business operation in another location within the City with an allocated capital of above Php15,000,001.00;
- e. *Principal Office Relocation* – refers to the act of a medium or large enterprise with a declared gross sales of at least Php1,000,000,000.00 from the previous taxable year’s Audited Financial Statement, in relocating its principal office from its existing location to Quezon City;
- f. *Loyal Business* – refers to a business that has had its Principal Office in Quezon City for atleast 15 years and has a gross sale of at least Php1,000,000,000.00 based on the previous taxable year’s Audited Financial Statement; and
- g. *Donor Enterprise* – refers to an individual or juridical entity who voluntarily donate their business assets/services in support of any of the priority programs of the Quezon City Government.

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SECTION 3. WHO CAN AVAIL. – All incentive packages found in this Ordinance may be availed of by all medium and large enterprises in Quezon City, provided that they are also compliant with the qualifications required in the incentive that they intend to avail.

SECTION 4. INCENTIVES FOR NEW BUSINESSES. – New medium and large enterprises may apply for a 2-year exemption on their business tax, real property tax on registered land and new building constructed within 2 years from registration, amusement tax, and franchise tax, if applicable, provided they possess the following qualifications:

- a. Proof of Registration from the Securities and Exchange Commission or Department of Trade and Industry indicating their principal address in Quezon City; and*
- b. Must be a new business registered with the Business Permits and Licensing Department within 1 year from its registration as a juridical entity.*

If the newly-registered medium and large enterprise is engaged in a business listed in the latest Investment Priorities Plan of the City, it may be entitled to an additional year of exemption or a total of 3 years of exemption on business tax, amusement tax, franchise tax and real property tax on registered land and new buildings constructed within 3 years from registration, if applicable.

SECTION 5. INCENTIVE FOR BUSINESS EXPANSION. – Existing enterprises that are planning to expand or set up an office or additional branch in Quezon City may apply for a 2-year exemption on their business tax, amusement tax, franchise tax, and real property tax on registered lands and new buildings constructed within 2 years from registration of the office or additional branch, provided they possess the following qualifications:

- a. The existing enterprise either has no previous business registration in Quezon City at the time of the application or is a business already operating in Quezon City but plans to expand its business operation in another location within the City;*
- b. The business expansion or additional branch will have an asset size of above Php15,000,001.00, excluding the land on which the particular expansion or additional branch is situated;*
- c. Securities and Exchange Commission or Department of Trade and Industry registration indicating their principal address at Quezon City; and*
- d. Must be registered for not more than 1 year with the Business Permits and Licensing Department of Quezon City for its new or additional location.*

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If the business expansion is engaged in a business listed in the latest Investment Priorities Plan of the City, it may be entitled to an additional year of exemption or a total of 3 years of exemption on business tax, amusement tax, franchise tax and real property tax on registered lands and new buildings constructed within 3 years from registration, if applicable; provided, that the above qualifications mentioned must be complied with.

SECTION 6. INCENTIVE FOR PRINCIPAL OFFICE RELOCATION. – Medium or large enterprises that relocate their principal office from an address outside of Quezon City to within Quezon City may apply for a 10-year tax exemption for the situs tax for all their gross sales outside of Quezon City in the following percentage:

YEARS COVERED	TAX EXEMPTION
Years 1-2	100%
Years 3-4	75%
Years 5-7	50%
Years 8-10	25%

provided, that they possess the following to qualify for this incentive:

- a. A certification from the Securities and Exchange Commission, as the case may be, showing an amendment of business address indicating that the principal office or the principal address is now located in Quezon City;
- b. Must be a registered business with the Business Permits and Licensing Department;
- c. An Audited Financial Statement of the previous taxable year showing at least Php1,000,000,000.00 gross sales or interest income;
- d. A Deed of Undertaking that their principal office or principal address will remain in Quezon City for a period of at least 10 years starting from the time the incentive under this provision has been availed of; and
- e. Sales are recorded in the Principal Office, which will be subject to situs tax in the following year once the incentives are approved.

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SECTION 7. INCENTIVE OF LOYAL BUSINESSES. – Businesses that have been holding their principal office in Quezon City for 15 years may apply for 10% discount on their situs tax for all their gross sales outside of Quezon City for one year, provided they possess the following qualifications:

- a. Proof from the Securities and Exchange Commission indicating that their registered principal office or principal address is in Quezon City for at least 15 years;*
- b. Must be a registered business with the Business Permits and Licensing Department;*
- c. An Audited Financial Statement of the previous taxable year showing at least Php1,000,000,000.00 gross sales or interest income; and*
- d. A certification from the Business Permits and Licensing Department that they have been a registered principal office in Quezon City for at least 15 years.*

SECTION 8. INCENTIVES FOR DONOR ENTERPRISES. – In line with Ordinance No. SP-3213, S-2023, any private entity who shall make a donation of assets and/or services for any priority program of the Quezon City Government may be given a tax credit for its business tax due or outstanding, provided that:

- a. The brand-new assets or services are to be valued at the rate of no more than 90% of the prevailing market price; and*
- b. Used assets must be in good working condition and not more than 3 years old, and are to be valued at the rate of no more than 90% of its depreciated remaining worth.*

The tax credit shall not cover more than 50% of the outstanding tax liability of the Donor Enterprise, except if the donation was made due to a pending retirement application.

SECTION 9. AVAILMENT. – The incentives provided by this Ordinance can be availed by only qualified medium and large enterprises through an application with the Local Economic Development and Investment Promotions Office (LEIPO) and upon approval by the QC-EDIB. All incentives can be availed only once by a qualified enterprise.

SECTION 10. REGISTRATION. – All enterprises who want to avail of the incentives herein are required to register with the LEIPO. Upon review by the QC-EDIB, the enterprise shall be given a certificate of registration which will be part of its official business documents in Quezon City.

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SECTION 11. REPORTORIAL OBLIGATIONS. – *As part of the availment of the incentives packages, all enterprises shall submit the following reports to the QC-EDIB:*

- a. *An update on the operations of the enterprise every 2nd quarter and 4th quarter of the year;*
- b. *Annual Audited Financial Report on operations; and*
- c. *Other documents that the LEIPO or the QC-EDIB may require.*

Failure of the enterprise to comply with the obligations under this Section may result in the return or reimbursement of incentives, in accordance with Section 13 hereof.

SECTION 12. VISITORIAL REQUIREMENTS. – *The registered enterprise shall subject themselves to supervisory and monitoring visits from the QC-EDIB and the LEIPO upon proper coordination with the registered enterprise, in relation to the implementation of this Ordinance.*

SECTION 13. RETURN OF INCENTIVES. – *The recipient of any incentive enumerated in this Ordinance shall be required to reimburse or return any amount given or credited to them in any of the following cases:*

- a. *In case of misrepresentation in the application or any document submitted in relation to the availment of the incentive; or*
- b. *Failure to comply with any of the provisions of this Ordinance or any conditions of the incentive.*

The QC-EDIB, upon complaint or motu proprio, shall conduct an investigation on whether any of the 2 instances exists and requires a return or reimbursement of the amount given to the recipient. The QC-EDIB shall make such determination based on available documents and evidence, and after giving the affected enterprise an opportunity to be heard and explain its side.

SECTION 14. APPROPRIATION. – *The annual fund necessary for the maintenance and operation of QC-EDIB and LEIPO shall be included in the General Fund of the Quezon City Government.*

SECTION 15. IMPLEMENTING RULES AND REGULATIONS. – *The LEIPO shall formulate the Implementing Rules and Regulations (IRR) necessary to implement the provisions of this Ordinance within 30 days from its approval.*

SECTION 16. MONITORING. – *As its implementing arm, the LEIPO is tasked to report from time to time to the Office of the City Mayor and the QC-EDIB for updates on the implementation of this Ordinance.*

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SECTION 17. SEPARABILITY CLAUSE. – If, any portion or provision of this Ordinance is declared void or unconstitutional, such declaration shall not in any way affect other parts or sections of this Ordinance.

SECTION 18. REPEALING CLAUSE. – All other ordinances or regulations inconsistent herewith are hereby repealed, revoked or modified accordingly.


SECTION 19. EFFECTIVITY CLAUSE. – This Ordinance shall take effect immediately upon its approval and publication in a newspaper of general circulation.

ENACTED: July 29, 2024.



GIAN G. SOTTO
City Vice Mayor
Presiding Officer

ATTESTED:


ATTY. JOHN THOMAS S. ALFEROS, III
City Government Department Head III
(City Council Secretary)


APPROVED: SEP 05 2024



MA. JOSEFINA G. BELMONTE
City Mayor

CERTIFICATION

This is to certify that this Ordinance was APPROVED by the City Council on Second Reading on July 29, 2024 and was PASSED on Third/Final Reading on August 5, 2024.


ATTY. JOHN THOMAS S. ALFEROS, III
City Government Department Head III
(City Council Secretary)

