



Republic of the Philippines
SANGGUNIANG PANLUNGSOD

CITY OF SURIGAO

Email add: sp_gov.surigao@yahoo.com

Tel #: (086) 826-1080

ORDINANCE NO. 388, SERIES 2016

2016 INVESTMENT INCENTIVE CODE

CHAPTER I. TITLE

SECTION I. This Ordinance shall be known as the 2016 **INVESTMENT INCENTIVE CODE OF THE CITY OF SURIGAO.**

CHAPTER II. DECLARATION OF POLICY

SECTION 2. To accelerate the development of Surigao City, it is hereby declared as a policy of the City to encourage, attract, promote and welcome investment activities which will significantly contribute to the City's socio-economic development and industrialization, in line with what is allowed in the constitution and other relevant laws.

CHAPTER III. COVERAGE

SECTION 3. Investment shall be encouraged in new, pioneering and/or expanding enterprises that significantly promote livelihood and employment opportunities for Surigaonons in the following industries, specified further under Section 10, viz:

- 1) Agri business and Fishery
- 2) Mineral processing, Mining Support and Allied Industries
- 3) Tourism
- 4) Property Development
- 5) Energy Project
- 6) Green Project
- 7) Industrial Tree Plantation
- 8) Solid Waste and Wastewater Management
- 9) Disaster Prevention, Mitigation and Rehabilitation
- 10) Health Service Facilities
- 11) Research and Development/Training
- 12) Infrastructure Projects
- 13) Business Process Outsourcing

SECTION 4. Additional Incentives shall be given to Investments located in the sub-urban and rural mainland/island areas designated as preferred investment sites in accordance with the City's Comprehensive Land Use and Zoning Plans and/or specific areas identified by the Board.

CHAPTER IV. DEFINITION OF TERMS

SECTION 5. When used in this Ordinance, the following definition of terms shall apply.

1. **BOARD** - Surigao City Investment Board
2. **CODE** - refers to this Investment Incentives Ordinance.
3. **CITY** - comprises the territorial jurisdiction of the City of Surigao.
4. **INVESTMENTS** - projects based within the City of Surigao, which could generate employment, and contribute to the generation of government revenues.
5. **JURIDICAL PERSON** - refers to any person or entity, who by operation of law, has acquired status and rights to operate a legitimate business; can sue and can be sued.



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6. REGISTERED ENTERPRISE - shall refer to those enterprise/establishment registered in accordance with the provisions of this Code.
7. EXISTING ENTERPRISE – establishments or enterprises whose place of operation or production is physically located within the territorial jurisdiction of Surigao City.
8. EXPANDING ENTERPRISE – refers to existing enterprises, registered or not under this Code, who shall undertake the installation of additional facilities/equipment that would expand at least 25% of their full operating capacity while currently operating on at least 80% of its full capacity at the same time.
9. PIONEERING ENTERPRISES - refers to a project or business activity within the City of Surigao whose nature or type of operation is not present or similar to any existing enterprise during the enactment of this Code or during the application for registration.
10. NEW INVESTMENT – shall refer to investors or enterprises that have not or are not currently engaged in any kind or type of business in Surigao City but intend to, or actually establish their place of operation or production in Surigao City.
11. PRIORITY INVESTMENT AREAS – refers to economic activities or sectors declared priority investment areas by the Surigao City Investment Board in accordance with the provision of this Code.
12. PREFERRED INVESTMENT AREAS – refers to certain locations such as suburban or rural barangays identified as priority growth or development areas in the City's comprehensive land use and zoning plans and/or designated as such by the Board.
13. DULY-AUDITED FINANCIAL STATEMENT - refers to financial statements of business establishments or enterprises prepared in accordance with standard accounting procedures and checked by an external or third party auditor.
14. ENERGY PROJECTS – refers to electrification projects that use energy from such natural and renewable sources as hydro-power, solar and wind; and base load supplier power plants using other resources.
15. GREEN PROJECTS – manufacture or assembly of Goods & Equipment that leads to: efficient use of natural resources; reduce Green House Gas (GHG) emissions, minimize air, water and soil pollution.
16. PPP PROJECTS - refers to projects involving public-private partnership(s).
17. BUSINESS PROCESS OUTSOURCING – refers to service establishments providing third party business process services to other establishments utilizing information, data and/or voice communications technology.

CHAPTER V. CITY INVESTMENT AND INCENTIVES BOARD

SECTION 6. For the purpose of overseeing and directing the implementation of this Code, the City Investment and Incentives Board is hereby created with the following composition, powers and functions:



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6-A. COMPOSITION. The City Investment & Incentives Board shall be composed of 11 regular members and three (3) ex-officio non-voting members broken down as follows:

- 1) Chairperson – The City Mayor
- 2) 1st Vice Chairperson - SP Chairperson, Committee on Trade & Industry
- 3) 2nd Vice Chairperson - President or the duly elected representative of the Surigao Chamber of commerce and Industry

Members:

- 4) Chairperson of SP Committee on Ways and Means,
- 5) President or duly elected representative of the Surigao Filipino – Chinese Chamber of Commerce and Industry,
- 6) Provincial Director, Department of Trade and Industry of Surigao del Norte,
- 7) President or duly elected representative of Surigao Bankers Association,
- 8) City Legal Officer,
- 9) President or duly elected representative of the Small and Medium Enterprise Development (SMED) Council of Surigao del Norte/City,
- 10) Representative of duly accredited Non-Government Organization to be elected from among the accredited NGOs of Surigao City,
- 11) The City Treasurer,
- 12) Head, Business Permit and Licensing Office, ex-officio
- 13) City Local Economic and Investment Promotions Officer, ex-officio,
- 14) City Planning and Development Coordinator, ex-officio.

6-B. POWER AND FUNCTIONS. The City Investment & Incentives Board shall have the following powers and functions:

- 1) To screen, evaluate, accept, approve or reject applicants to avail of the benefits provided for in this Code and to issue Certificates of Registration. The approval or rejection of applicants shall require the affirmative vote of at least 2/3 of the members of the board or a total of at least seven (7) votes.
- 2) The Chairperson or any six (6) of its Members of the Board can call for a meeting to formulate rules and guidelines to ensure compliance with the provisions of this Code. Any rules and guidelines passed by the City Investment & Incentives Board shall be subject to the approval and concurrence by the Sangguniang Panlungsod. The Board shall meet as often as necessary but shall not be less than once every quarter of the year.
- 3) To act on all applications within a period of 20 working days from the date of official acceptance of the application.
- 4) To conduct and/or organize trade and investment missions both local and foreign, to include image-building and marketing activities to promote the City as an investment location, in line with its strategic development directions and policies. The conduct of foreign trade investment mission(s) must be approved by the Sangguniang Panlungsod and must also secure the approval, where necessary, by National Government agencies.
- 5) Trade and investment mission(s) launched or conducted abroad by the City of Surigao shall be headed by the City Mayor or in his absence, by any of his duly authorized member of the City Investment & Incentives Board. Provided however, that endorsement, participation and/or approval of concerned government agencies like the Department of Foreign Affairs (DFA), DTI Board of Investments (BOI), Bureau of International Trade Promotions, foreign embassies/consulates, and other agencies must be secured.
- 6) To formulate/recommend strategic development initiatives to facilitate entry of investments to include the promotion and development of industrial estates, business parks and other areas.

CHAPTER VI. CITY TRADE AND INVESTMENT PROMOTION OFFICE



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SECTION 7. To provide secretariat, administrative and technical support services to the operations of the City Investment & Incentives Board, the City Trade and Investment Promotions Office (CTIPO) is hereby created as a separate Division under the Office of the City Mayor.

SECTION 8. The CTIPO shall be headed by one (1) Special Operations Officer IV with salary grade 22, and shall be assisted by two (2) technical assistants with salary grade 14, and one (1) Information Communications Technology (ICT) staff with salary grade 10.

SECTION 9. Aside from the functions stipulated in Section 7, the CTIPO shall monitor the compliance of registered enterprises to the terms and conditions stipulated in the Certificate of Registration and is also tasked with the formulation and creating of an Investment Promotions Plan/Program for consideration and approval by the Board and the Sangguniang Panlungsod, which among others, should contain the analysis of the factors surrounding the local investment climate and potentials, the City's competitive advantages, and the strategic directions the City should adopt to effectively attract and service in-bound investments.

CHAPTER VII.
INVESTMENT PRIORITY AREAS/ACTIVITIES, AMOUNT OF QUALIFIED INVESTMENT

SECTION 10. INVESTMENT AREA. Business Enterprises or Investments in the following areas or activities shall qualify to avail of the incentives and other privileges granted in this code subject to qualifications of their investments amount stipulated in Section 11. The Board may hereinafter pass or amend the herein-listed areas to include other activities, subject to the concurrence of the Sangguniang Panlungsod. The following are the priority areas/activities, viz:

- 1) Agriculture/agribusiness and Fishery, such as but not limited to the following activities:
 - a. Commercial Production
 - i. New crops plantation
 - ii. Poultry & Livestock
 - iii. Commercial Fishing
 - iv. Mariculture
 - b. Commercial Processing
 - i. Locally Grown Raw Materials
 - ii. Animal Aqua Feeds
 - iii. Meat and Product Processing
 - iv. Aquamarine-based food processing
 - c. Services
 - i. Post Harvest facilities
 - ii. Mechanized farming, harvest
- 2) Mineral Processing, Mining Support and Allied Industries
 - a. Nickel Refinery
 - b. Foundry
 - c. Drum Making Plants
 - d. Nickel-Chrome Electroplating Plant
 - e. Jewelry Manufacturing
 - f. Other manufacturing/processing activities utilizing mineral ores into semi-finished or finished products
- 3) Tourism-Related Facilities, Products and Services, such as, but not limited to the following: (Categories under this section must be compliant with the



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requirements of Department of Tourism's accreditation/registration guidelines of tourism-related establishment whenever applicable.)

- a. Hotels (5-star, 4-star category)
 - b. Restaurants
 - c. Beach & island Resorts (Class AAA)
 - d. Sports. Theme PARKS & Recreation Centers
 - e. Cruise and maritime/Nautical Tourism
 - f. Retirement Villages
 - g. Air Charter Services
 - h. Gold Course
 - i. Health & wellness Facilities
 - j. Historical Sites, Destinations
 - k. Mall development, Department Stores, Souvenir shops
- 4) Property Development
- a. Industrial & Business parks/Estates
 - b. Socialized Housing Projects (total area for development should not be less than 1.0 hectares; price per housing unit at not more than P400,000.00; subject to the compliance to R.A 7279)
 - c. Low-cost Mass Housing Projects (total area for development should not be less than 1.0 hectares, price per house and lot unit at more than P400,000.00 but not exceeding P3,000,000.00; subject to compliance of applicable provisions under R.A 7279)
 - d. Manufacture of Modular Housing Components
 - e. Reclamation Projects (subject to the guidelines and approval of the Philippine Reclamation Authority)
- 5) Energy Projects (duly endorsed by the Department of Energy or any appropriate National Government Agency)
- a. Off grid Renewable Energy Development (hydro, solar, wind, biomass)
 - b. Power Plant (base Load supplier)
- 6) Green Projects (duly endorsed by the Department of Environment and Natural Resources or any appropriate National Government Agency)
- 7) Industrial Tree Plantation
- 8) Solid Waste & Wastewater
- 9) Disaster prevention, Mitigation and Rehabilitation
- a. Manufacture, assembly and supply of goods and equipment related to disaster management.
 - b. Services related to Disaster Management
 - i. Salvaging operations
 - ii. Early Warning Systems
 - iii. Oil-spill Clean up
 - iv. Bridge Rehabilitation
 - v. Flood Control Services
- 10) Health Service Facilities
- a. Hospitals
 - b. Diagnostic Centers
 - c. Therapy Centers
 - d. Clinical Laboratories
 - e. Ambulatory Health Care Facilities
 - f. Other health care facilities as may be recommended by the Department of Health
- 11) Research and Development/Training
- a. Research/testing Facilities
 - b. Business/technology Incubators
 - c. Shared Service Facilities
 - d. Training Institutions in Support of Investment Priority Areas



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- 12) Infrastructure Projects
 - a. Regional Trans-Shipments Facilities
 - b. Shipbuilding
 - c. Joint Venture or PPP Projects

- 13) Business process Outsourcing establishment or call centers

SECTION 11. AMOUNT OF INVESTMENT. Business Enterprises or Investments in the areas mentioned in Section 12 shall put up a minimum capitalization or investment amount of not less than Fifteen Million (15,000,000.00) for island locations, Twenty Million Pesos (P20,000,000.00) for rural mainland barangay locations, and not less than Thirty Million Pesos (P30,000,000.00) for all other locations excluding the cost of land.

CHAPTER VIII. INCENTIVES

SECTION 12. FISCAL INCENTIVES. Qualified and accepted applicants to this Code shall enjoy exemption from the payment of business taxes and discounts in real property taxes imposed by the City under existing Tax or Revenue Ordinances reckoned from the start of commercial operation of the firm & depending on the amount of capitalization and investment location under the following categories:

- a. For new or pioneering investments, non-Board of Investments (BOI) registered firms.

AMOUNT OF CAPITALIZATION	PERIOD OF EXEMPTION from payment of Business Taxes	ADDITIONAL EXEMPTION
Not less than P15,000,000.00 (island locations only)	10 years	None
Not less than P20,000,000.00 (rural mainland brgys. Location only)	5 years	None
P30,000,000.00 to P100,000,000.00	3 years	None
Above P100,000,000.00 to P500,000,000.00	4 years	Less 1.0 % in basic Real Property Tax (RPT) if located in a preferred investment site
P500,000,000.00 above	6 years	Less 1.5 % in basic Real Property Tax (RPT) if located in a preferred investment site

- b. For expanding enterprises as defined under this code, they shall be exempted for two (2) years from payment of business taxes.
- c. For BOI registered firms, the exemption from Business Tax shall be in accordance with the terms and conditions stipulated in the Certificate of Registration.

CHAPTER IX. REGISTRATION OF ENTERPRISES

SECTION 13. QUALIFICATION OF A REGISTERED ENTERPRISE. To be entitled for registration under this Code, an applicant must satisfy the following:



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1. Applicants shall either be natural or juridical person(s) qualified under Philippine laws to do business in the country and must comply with all the requirements mandated under applicable local and existing national laws and the Philippine Constitution. Sole proprietorships, partnerships, corporations, cooperatives or people's organizations may avail of such incentives under this Code.
2. Applicants shall be duly registered or accredited either with the Securities and Exchange Commission (SEC), the Department of Trade and Industry (DTI), Cooperative Development Authority (CDA), or with any other appropriate government agencies.
3. The proposed business activity and amount of investment must satisfy the requirements stated in Chapter VII of this Code.
4. Any business enterprise that is granted Certificate of Registration and exemption under the pertinent provisions of this Code must employ at least seventy percent (70%) of its workforce, preferably women, coming from the City of Surigao and Province of Surigao del Norte, unless the skills required are not available.
5. Upon the acceptance and approval of any application to this Code, the applicant shall be required to pay to the City Treasurer a one-time Registration fee in the amount of Fifty Thousand Pesos (P50,000.00), after which the Board shall issue a Certificate of registration and Exemption to the business enterprise concerned stating thereon the incentives and privileges granted under this Code.

SECTION 14. REGISTRATION PROCEDURE.

1. The applicant submits a letter of Intent, Accomplished Application Form and other pertinent documents to the City Investment & Incentives Board through the Office of the City Mayor before the start of its commercial operation.
2. The applicant pay to the City Treasurer a non-refundable application fee in the amount of Five Thousand Pesos (P5,000.00) and attach a photocopy of the Official Receipt to the documents submitted to the Board under Item No. 1 of this section.
3. The Board, within a period of 20 working days, shall act on the application. The Board may call on the applicant to present or shed light on specific details of the investment project.
4. Applicant receives notice on status of application within two (2) months from date of payment of the Application fee.
5. If approved, the investor submits pre-registration requirements and pays the registration fee. Proof of payment or photocopy of official Receipts shall then be submitted to the Board.
6. The Board issues the Certificate of Registration and Exemption.
7. The investor shall then proceed to comply with the other pertinent permits and requirements prior to its commercial operation.
8. The Board may formulate additional rules and regulations to facilitate further the screening processing and approval of applications and devise standard forms for use by the applicants, including the identification of preferred investment locations in the City vis-à-vis the City's Strategic Physical Development or Land Use Plan.

SECTION 15. PRIVILEGES OR A REGISTERED ENTERPRISE. Qualified registered enterprises and investors shall be granted the following privileges:

1. Assistance in securing local permits and licenses;
2. Assistance in labor recruitment and arbitration;



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3. Assistance in securing direct source of electric power, water supply, connection and other public utilities;
4. Assistance in selection and negotiation of right-of-way;
5. Assistance in identifying business location and factory sites;
6. Facilitation and assistance for access to financial and technical assistance programs of the government;
7. Facilitation and assistance in Joint Venture matching;
8. Investor after-care services such as, but not limited to: assistance in finding local residence, assistance in the enrollment of their dependents to local schools, assistance for membership in local chambers, socio-civic clubs; and
9. Other privileges that may be determined by the Board.

SECTION 16. DUTIES AND RESPONSIBILITIES OF REGISTERED ENTERPRISES. All registered enterprises shall comply with the requirements of this code and other applicable laws. The Board may, upon written notice, require the submission of additional documents or compliance to additional policies.

CHAPTER X
CANCELLATION OF REGISTRATION

SECTION 17. Any registered enterprise found by the City Investment & Incentives Board to have violated any provisions of this Code through misrepresentation, or noncompliance thereof shall forfeit the incentives and privileges granted shall be required to pay all taxes and fees due from the start of its business operation upon the recommendation of the Board and the Approval of the Sangguniang Panlungsod, without prejudice to the filing of appropriate charges for related violations of applicable laws. The enterprise concerned shall be accorded due process of law.

CHAPTER XI. APPROPRIATION

SECTION 18. An annual budgetary appropriation of at least One Million Pesos (P1,000,000.00) shall be provided for in the Regular or Supplementary budget of the City to support the operations of the Board and the CTIPO.

SECTION 19. Additional funds may be sourced from the private sector, as partners of the local government in the conduct of investment marketing strategies such as outbound missions and business for a.

CHAPTER XII. FINAL PROVISIONS

SECTION 20. ANNUAL INSPECTION. The City Investment and Incentives Board shall conduct an annual inspection on the participating firms either by itself or by requesting other government agencies to conduct the same. Said inspection shall be limited to the provisions of this Code and the incentives/privileges granted as stated in the Certificate of Registration and Exemption.

SECTION 21. REPORTING. At the end of each calendar year but not later than April 30 of each year, all registered enterprises to this Code shall submit copies of duly audited financial statement(s) to the Board, the Sangguniang Panlungsod, the City treasurer and the Office of the City Mayor for evaluation and recording purposes.

SECTION 22. EFFECTIVITY. This code shall take effect after compliance of the required publications and posting. Thereafter the City Investment & Incentives Board shall send copies of this Code to foreign embassies and consulates in the Philippines, to all major business groups and civic clubs in the City of Surigao, headquarters of the Philippine Chamber of Commerce and Industry, Inc., all international chambers of commerce in the



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Philippines and major international trade organizations referred to by the DTI-Board of Investments.

SECTION 23. REPEALING CLAUSE. All existing City Ordinances inconsistent with the provisions of this Code are hereby repealed accordingly.

Enacted on May 12, 2016.


I HEREBY CERTIFY to the correctness of the foregoing ordinance.


NENITA G. LOAYON
Sanggunian Secretary

ATTESTED:


DANILO C. MENOR
City Vice-Mayor
Presiding Officer

APPROVED:


ERNESTO T. MATUGAS
City Mayor
MAY 24 2016