

**MALACAÑAN PALACE
MANILA**

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER No. 70

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

WHEREAS, Executive Order No. (EO) 528 (s. 2006), provided for zero percent duty on certain articles imported by BOI-registered new and expanding enterprises for a period of five (5) years from the date of its effectivity or until the enactment of a law amending EO 226, otherwise known as the Omnibus Investments Code of 1987, as amended, whichever comes earlier;

WHEREAS, the five-year effectivity of EO 528 has expired and a law amending EO 226 remains to be enacted;

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

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

WHEREAS, allowing zero percent duty importation will make the Philippines more competitive in attracting investments in the face of an increasingly competitive Asian market for foreign direct investments; and

WHEREAS, Section 401 of the Tariff and Customs Code of the Philippines (TCCP), as amended, empower the President of the Philippines, upon the recommendation of the National Economic and Development Authority (NEDA), to increase, reduce or remove existing protective rates of import of duty.

NOW, THEREFORE, I, BENIGNO S. AQUINO III, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. *Zero Percent Duty.* Any importation of capital equipment, spare parts and accessories by BOI-registered enterprises shall be subjected to zero percent duty, as indicated in Section 2 hereof.

SECTION 2. *Coverage.* The zero percent duty shall be granted to BOI-registered new and expanding enterprises on article or equipment classified under Chapters 40, 59, 68, 69, 70, 73, 76, 82, 83, 84, 85, 86, 87, 89, 90, 91 and 96 of the TCCP, as amended, upon 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. *Prohibition to Sell, Transfer, or Dispose.* The BOI-registered enterprise cannot sell, transfer or dispose of the aforementioned capital equipment, machinery, spare parts and accessories, without prior BOI approval within five (5) years from the date of importation; otherwise, the BOI-registered enterprise will be solidarily liable to pay twice the amount of the duty foregone or five hundred thousand pesos (Php 500,000.00), whichever is higher, without prejudice to other applicable penalties under EO 226.

SECTION 4. *Implementing Rules and Regulations (IRRs).* The BOI shall promulgate the IRRs governing the implementation hereof.

SECTION 5. *Repealing Clause.* All issuances, orders, rules and regulations, or parts thereof, which are inconsistent with this EO are hereby repealed, amended or modified accordingly.

SECTION 6. *Separability Clause.* If any provision of this EO is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

SECTION 7. *Effectivity Clause.* This EO shall take effect thirty (30) days following its complete publication in a newspaper of general circulation in the Philippines and shall be availed for a period of five (5) years from the date of effectivity of this EO or upon enactment of a law amending EO 226, otherwise known as the Omnibus Investment Code of 1987, as amended, whichever is earlier.

DONE, in the City of Manila, this 29th of March, in the year of our Lord, Two Thousand and Twelve.

(Sgd.) **BENIGNO S. AQUINO III**

By the President:

(Sgd.) **PAQUITO N. OCHOA, JR.**
Executive Secretary