EXEMPLARY TEXT:

ORDINANCE 2015-02
ORDINANCE ENACTING THE PAVIA INVESTMENT INCENTIVES CODE OF 2015

WHEREAS, the Pavia Investments and Incentives Code (PIIC) is a document that articulates the local government investment policies and programs, Investments Priority Areas (IPAs), local incentives (fiscal or non-fiscal) available to domestic and foreign investors and the mechanics for availing them;

WHEREAS, it also defines the composition, roles and functions of the Pavia Investments and Incentives Board (PIIB) and the Investments Promotion Desk (IPD);

WHEREAS, Article 10 of the 1987 Constitution of the Republic of the Philippines provides: “(2) The territorial and political subdivision shall enjoy local autonomy”;

WHEREAS, Title VI Book I of Republic Act (RA) 7160, otherwise known as the “Local Government Code of 1991” provides: “Section 109 - Functions of the Local Development Councils (a) the provincial, city, and municipal development councils shall exercise the following functions: (4) Formulate local...
investment incentives to promote the inflow and direction of private investment capital”;

WHEREAS, Chapter 5, Book II of RA 7160 (Local Gov’t Code) provides: “Section 192 – Authority to Grant Tax Exemption Privileges. – Local government units may, through ordinances duly approved, grant tax exemptions, incentives or reliefs under such terms and conditions as they may deem necessary”.

NOW THEREFORE, BE IT ORDAINED BY THE SANGGUNIANG BAYAN OF PAVIA, ILOILO, BY VIRTUE OF THE POWERS VESTED IN IT BY LAW, IN SESSION ASSEMBLED, THAT:

ARTICLE I
TITLE

Section 1.Title. This Ordinance shall be known as “the Pavia Investment Incentives Code of 2015, Amending Municipal Ordinance 2007-04.”

ARTICLE II
DECLARATION OF POLICY AND STATEMENT OF PURPOSE

Section 1.Policy. To expedite and facilitate the economic growth and development of our municipality, it is hereby declared to be the policy of the Municipality of Pavia to encourage new investments, expansion of existing businesses, diversification in agri-business, industries and other business endeavors that will create employment opportunities and spur economic activities which are aimed at poverty alleviation and improvement of quality of life of all Pavianhons.

It is the policy of the Municipality of Pavia to encourage both local and foreign investments in its jurisdiction that will redound to the mutual benefits of its citizens and the investors taking into account the principles of sustainable development, wise utilization of natural resources, equitable distribution of wealth and holistic human development.

The Municipality openly declares that it recognizes the role of the civil society as the indispensable partners of the Municipal Government in translating the dreams and ideals of the Pavianhons into reality.

The Municipality acknowledges its role as catalyst of industrial peace, security, infrastructure implementation and the agent in the transformation of the community into a responsible citizenry.

Finally, the Municipality manifests its desire to attract investors on the basis of sound management, continuity of policies, attractive fiscal and non-
fiscal incentives, supportive and facilitative business-friendly political climate, and efficient services.

**Section 2. Purpose.** Specifically, the Pavia Investment Incentives Code seeks, among others to:

- spell out the guidelines and procedures for the availment of local incentives;
- harmonize national and local investment policies;
- define and promote the Investment Priority Areas (IPAs) in the Municipality of Pavia through the granting of local incentives consistent with the National Investments Priorities Plan (IPP) and the LGU’s CDP, CLUP and Zoning Regulations;
- establish Investments Promotion Desk (IPD) to implement the investment promotion programs of the LGU for business attraction, retention, expansion and /or diversification;
- attract investors that will catalyze and accelerate economic activity, generate employment and income opportunities in the locality;
- unfold the development of the MSMEs, utilize local resources and develop markets for local products as well as ignite the ingenuity of the entrepreneurs and other stakeholders on “Biodiversity-Friendly Businesses”.
- revive and accelerate the growth of local industries;
- disperse and direct industry and commercial activities in less developed areas;
- encourage and broaden the concept of Public-Private Partnership (PPP) in eco-socio, bio--environmental friendly and climate- resilient local development.

**ARTICLE III**

**DEFINITION OF TERMS**

**Section 1. Definition:** For purposes of this code, the following terms are defined as:

**BMBE (Barangay Micro Business Enterprises)** as defined under the barangay Micro Business Enterprises (BMBEs) act of 2002 (Republic Act no. 9178), i.e., any business entity or enterprise engaged in production, processing or manufacturing of products or commodities, including those arising from loans but exclusive of the land on which the particular business entity’s office plant and equipment are situated, shall not be more than Three Million Pesos( P 3,000,000.00)
**Biodiversity (BD) - Friendly Businesses** refer to those investments that either directly or indirectly incorporate biodiversity relevant knowledge, technical resources development processes and practices that enhance BD resource conservation to include those businesses that directly or indirectly support BD (i.e. use of indigenous species, protection of flora and fauna and the like).

**Board** refers to the Pavia Investment Incentives Board (PIIB) created under this Code.

**Build-Lease-and-Transfer (BLT)** refers to any contractual arrangement whereby a project proponent is authorized to finance and construct an infrastructure or development facility and upon its completion turns it over to the government agency or local government unit concerned on a lease arrangement for a fixed period, after which, ownership of the facility is automatically transferred to the government agency or local government unit concerned.

**Build-Own-and-Operate (BOO)** refers to any contractual arrangement whereby a project proponent is authorized to finance, construct, own, operate and maintain an infrastructure or development facility from which the proponent is allowed to recover its total investment, operating and maintenance costs plus a reasonable return thereon by collecting tolls, fees, rentals or other charges from facility users: Provided, that all such project, upon recommendation of the Investment Coordination Committee (ICC) of the National Economic Development Authority (NEDA), shall be approved by the President of the Philippines. Under this project, the proponent, who owns the assets of the facility, may assign its operation and maintenance to a facility operator.

**Build and Transfer (BT)** pertains to any contractual arrangement whereby the project proponent undertakes the financing and construction of a given infrastructure or development facility and after its completion turns it over to the government agency or local government unit concerned, which shall pay the proponent on an agreed schedule of its total investment expended on the project plus a reasonable rate of return thereon. This arrangement may be employed in the construction of any infrastructure or development project, including critical facilities, which, for security or strategic reasons, must be operated directly by the Government.

**Build-Operate-and-Transfer (BOT)** pertains to any contractual arrangement whereby the project proponent undertakes the construction, including financing, of a given infrastructure facility, and the operation and maintenance
thereof. The project proponent operates the facility over a fixed term during which he or she is allowed to charge facility users appropriate tolls, fees, rentals and charges not exceeding those proposed in its bids or as negotiated and incorporated in the contract to enable the project proponent to recover its investment and operating and maintenance expenses in the project. The proponent transfers the facility to the government agency or local government unit concerned at the end of the fixed term which shall not exceed fifty (50) years; Provided, That in case of an infrastructure or development facility whose operation requires a public utility franchise the proponent must be a Filipino or, if a corporation, must be duly registered with the Securities and Exchange Commission and at least sixty percent (60%) Filipino-owned.

The Build-Operate-and-Transfer shall include a supply-and-operate situation, which is contractual arrangement whereby the supplier of equipment and machinery for a given infrastructure facility, if the interest of the Government so requires operates the facility providing in the process technology transfer and training to Filipino nationals.

**Business Sector** refers to association of business establishment located in Pavia.

**Capitalization** refers to the total project cost which includes land, building, machineries, equipment, and working capital except where it pertains to a BMBE, in which case, the same shall be exclusive of the cost of the land; provided that in case of corporations, capitalization shall refer to its paid-up capital.

**Code** refers to the Pavia Investment Incentives Code.

**Date of Official Acceptance** refers to the date the application for registration was received by the receiving personnel of the Investment Promotion Desk (IPD) and recorded in a logbook for the purpose.

**Date of Registration** refers to the date when the Certificate of Registration is issued by the Board, which information shall be recorded in a Registration Logbook to be maintained by the Board.

**Diversification** refers to the introduction and production of a distinct line of products and services by an Existing Business, whether or not a Registered Enterprises; Provided, that, to be considered distinct, it should require a new
investment in terms of machinery or equipment or would involve the use of new skills set not currently used in the existing products or services, provided further.

**Duration of Tax Holiday** refers to the specific period of exemption in the availment of incentives.

**Existing Businesses** are businesses engaged in activities included in the IPA List but are already engaged in operating in the (Province/City/Municipality) and are intending to expand and/or diversify to other business ventures falling within the IPAs as defined herein.

**Existing Projects** refer to projects of an existing enterprise that has started commercial operation at the time of application with the Board that does not qualify as new expansion or modernization project.

**Expanding Enterprise** refers to the existing enterprise that increases its capital investment and business activities in order to meet the bracket for the availment of incentives.

**Expansion** shall mean installation of additional facilities/ equipment that will result in the increase in the production capacity of an Existing Business. It may include modernization and rehabilitation. No expansion for additional capacity shall be allowed unless applicant has attained, in general, 85% utilization of its existing capacity.

**Fiscal Incentives** refer to the direct financial or monetary benefits extended to the investor.

**Government Agencies** refer to the branches of national government involved in promoting, regulating and supervising investments, such as the Department of Trade and Industry (DTI), Securities and Exchange Commission (SEC), Social Security System (SSS), Bureau of Internal Revenue (BIR), National Economic Development Authority (NEDA), Department of Environmental and Natural Resources (DENR), among others.

**Incentives** refer to the benefits or privileges granted by the Municipality of Pavia to encourage investments in the locality.

**Incentive Law** refer to a law, such as Omnibus Investment Code, granting incentives to specific businesses at both the national and local levels, by virtue
of the nature of their business activity pursued or undertaken, as administered by a designated government agency or office (Registering Agency), such as BOI.

**Indigenous Materials** refer to the products growing and living naturally in the Municipality of Pavia.

**Investment** refers to money, equipment or properties, professional services or rights expressed in monetary value put-in for the purpose of engaging in a business activity.

**Investment Promotion Desk** pertains to the one-stop Local Economic and Investments Promotion Office established to assist the investors in his/her dealings with the LGU, with regard to his/her business operations and other documentary requirements.

**Investment Priority Areas** refer to the business activities which are entitled to incentives granted by the Municipality of Pavia, which investment area or business activity is specifically included, and summarized in an Investment Priority Areas List (IPA List) which shall be amended, as necessary, once every two (2) years.

**Investor-After-Care-Service** refers to the assistance the investor gets after he/she has registered his/her business or even after the incentives granted to him/her had long expired, to include but not limited to the following: assistance to registration needs permits and license of the business; facilitation of application for utilities; identification of physical sites in conformity with the MPUD and CLUP; matching with local partners; introduction to suppliers and service providers; allowing access to databank and facilitation of start-up problems.

**Municipality** refers to the Municipality of Pavia covering all areas within its territorial jurisdiction as provided by law.

**Non-fiscal Incentives** pertain to the non-monetary value of incentives that provide indirect benefits to investor.

**Non-pioneer Enterprise** includes enterprises other than pioneer enterprises.

**Pioneer Enterprise** refers to a newly introduced industry or business endeavor in the Municipality of Pavia.
Registered Enterprise refers to any business entity operating in the Municipality of Pavia whose application for the availment of investment incentives has been approved by the Board.

Rehabilitate-Own-and-Operate (ROO) refers to a contractual arrangement whereby an existing facility is turned over to the private sector to refurbish and operate with no time limitation imposed on ownership. As long as the operator is not in violation of its franchise, it can continue to operate the facility in perpetuity.

Rehabilitate-Operate-and-Transfer (ROT) pertains to any contractual arrangement whereby an existing facility is turned over to the private sector to refurbish, operate and maintain for a franchise period, at the expiry of which the legal title to the facility is turned-over to the government. The term is also to describe the purchase of an existing facility from abroad, importing, refurbishing, erecting and consuming it within the host country.

Tax Holiday/ Moratorium refers to the tax exemptions granted to registered enterprises.

Modernization or Rehabilitation Projects refer to project of existing businesses or Registered Enterprises, which projects are eligible to incentives if any of the following conditions are met:

- at least twenty percent (20%) reduction in production cost which if sold in the Philippines should result in the reduction of the selling price of the product; or
- significant increase in productive efficiency including the bottlenecking; or
- meaningful upgrading or product quality; or
- upgrade in technology used in production to bring it at par with the technology used by leading manufacturers of the product manufactured by the Registered Enterprise. The modernization or rehabilitation contemplated may or may not result in increase in the operating capacity/actual production output to be eligible for registration.

MSME - The National Economic Development Authority (NEDA) defines MSMEs in terms of capitalization as follows:

- Micro - below Php 3 Million
- Small - Php 3 Million – below 15 Million
- Medium - Php 15 Million - below 100 Million
Large -100 Million and above

New Project refers to a project/activity listed in the IPA List that has not started commercial operation undertaken by 1) a newly organized/formed enterprise; or 2) an existing enterprise that shall engage in an entirely distinct and different activity from its existing business operations; or the same activity provided it shall establish a new facility in an area not contiguous to the premises of its existing project and with new investments.

ARTICLE IV

PAVIA INVESTMENT INCENTIVES BOARD (PIIB)

Section 1. Creation. The Pavia Investment Incentives Board (PIIB) is hereby created to implement the provisions of this Code and to provide policy and operational guidelines.

Section 2. Composition. The Pavia Investment Incentives Board (PIIB) shall be composed of the following:

Chairperson: Municipal Mayor
Vice Chairperson: Municipal Vice Mayor
Members:
1. SB Member – Committee Chairperson on Infrastructure
2. SB Member – Committee Chairperson on Zoning, Housing, Subd. and Land Use
3. SB Member – Committee Chairman on Commerce, Trade and Industry
4. SB Member – Committee Chairman on Rules
5. SB Member – Committee Chairman on Barangay Affairs
6. Sangguniang Bayan Secretary
7. Municipal Planning and Development Coordinator
8. Municipal Treasurer
9. Municipal Assessor
10. Municipal Engineer
11. Municipal Tourism Officer
12. Local Economic and Investment Promotion Officer (LEIPO)
13. Municipal Environment and Natural Resource Officer (MENRO)
14. Municipal Administrator
15. Five (5) representatives from the Civil Society representing the following:
   (1) People’s Organization
   (1) Business Sector
   (1) Academe
   (1) Socio-Civic Organization
   (1) Farmers Cooperative

Provided, that said representatives from the civil society come from organizations duly accredited by the Local Sanggunian. Provided further, that the term of office of the representatives from the Civil Society shall be co-
terminus to the term of office of the set of Sanggunian granting its accreditation, unless otherwise earlier revoked.

The board may likewise invite, from time to time, representatives from pertinent national government agencies (NGA’s), including but not limited to Regional Officers of the BOI/Department of Trade and Industry (DTI), and other relevant stakeholders for advice or consultation in their areas of expertise.

**Section 3. Meeting and Quorum.** The Board shall hold an organizational meeting after approval and publication of this Code. The Municipal Mayor, after the civil society organization representatives have been duly determined by the CSOs concerned, shall issue an executive order organizing the PIIB. The Board shall meet at least once every quarter or as often as necessary, as determined by the Board Members themselves. The Quorum shall be fifty percent (50%) plus one of the total memberships of the Board. The Chairperson of the Board is included on the determination of the quorum. The meeting venue is the Session Hall or any venue to be designated by the Board.

**Section 4. Powers and Duties of PIIB.** The Pavia Investment Incentives Board (PIIB) shall be responsible for the regulation and promotion of investment in the Municipality of Pavia. The Board having constituted a quorum shall have the following powers and duties:

- formulate and prescribe Implementing Rules and Regulations of this Code;
- identify annually Investment Priority Areas to be included in the Investment Priority Plan (IPP);
- design, create and publish promotional materials and brochures for the promotion of municipality as preferred investment destination;
- prepare a site development plan congruent to the Municipality’s approved short, medium and long term Comprehensive Development Plan (CDP) and its Comprehensive Land Use Plan (CLUP);
- recommend to the Sangguniang Bayan the grant of incentives, tax exemption and other relief as provided for in this Code;
- recommend to the Sangguniang Bayan the cancellation and suspension of enjoyments of incentive benefits granted or require refund on incentives or relief granted for violating any provisions of this Code;
- establish an Investment Promotion Desk (IPD) that will serve as investment one-stop documentation, processing, information and promotional desk;
• recommend to the Sangguniang Bayan through the Chairperson additional budget and/or identify funding alternatives for the effective implementation of the provisions of this Code;
• assist the Sangguniang Bayan in the evaluation and determination whether the applicant enterprise is qualified to avail of the incentives granted in the Code based on the project study excluding land acquisition cost;
• conduct a periodic review of all registered enterprises;
• recommend to the Sangguniang Bayan to authorize the Local Chief Executive to enter into an agreement of contract with any Private Business Consortium for a Build-Operate-Transfer (BOT) Scheme or any other partnership schemes with the Non-Government Organizations (NGOs) or Private Sectors such as but not limited to (1) Build and Transfer (BT); (2) Build-Own-and-Operate (BOO); (3) Build-Lease-and-transfer (BLT); (4) and Rehabilitate-Operate-and-Transfer (ROT); (5) Rehabilitate-Own-and-Operate (ROO) or a Joint Financing Scheme or a Joint Venture to enable the Local Government Unit to implement its infrastructure program in the attainment of its objectives to increase economic activities, create job opportunities for its constituents and hasten the economic development of the Municipality. Provided, however, that any of the schemes shall be within and shall not violate the provisions of R.A.6957 (Build, Operate and Transfer Law) and R.A. 7160 (Local Government Code of 1991). Provided further, that any agreement or contracts shall be approved by a 2/3 vote of the Sangguniang Bayan members in the form of a resolution for the purpose;
• The Board may also recommend to the Sangguniang Bayan, authorizing the Chief Executive, the possibility of floating Municipal Bonds, to finance specific projects that would hasten economic growth and provide infrastructure support facilities to further invite investors to come in. Final approval, however, is subject to a 2/3 positive votes of the Sangguniang Bayan;
• The Board shall determine the capital investment of the new and continuing enterprise. A new enterprise shall submit a certification of its capital investment done under oath. On the other hand, the owner of the enterprise for expansion should submit an audited financial statement (Certified by a CPA) of the existing business and the added investment cost should be included in the project.
Section 5. Powers and Duties of the Chairperson of the PIIB. The Chairperson of the Board of PIIB shall have the following powers and duties:

- serve as executive officer/chief implementer of this Code;
- call and preside over the meeting of the Board;
- In case of vacancy due to resignation or incapacity of any member, appoint new members;
- sign all warrants/disbursements pertaining to the operation of the Board;
- render an annual report to the Board;
- exercise general supervision over the operation of the Investment Promotion Desk (IPD).
- act as liaison between investors and other government agencies concerned and upon authorization of the Sangguniang Bayan enter into agreement with other government agencies and/or private organizations for the purpose of simplifying systems, procedures and requirements on investments and business operations in the Municipality of Pavia;
- recommend to the Board for approval with a 2/3 votes of its members extension of availment of incentives of any registered enterprise subject to approval of the Sangguniang Bayan. Provided, that such shall not exceed two (2) years subject to any of the following criteria:
  a. The Registered Enterprise suffered operational force majeure that has impaired its viability.
  b. The Registered Enterprise has not fully enjoyed the incentives granted to it for reason beyond its control.
  c. The Registered Enterprise has not commenced its commercial operation.
- submit to the Sangguniang Bayan for appropriation and approval in the form of a resolution or amendment to the Code additional budgetary requirement, over-and-above the mandatory appropriation needed or required for the effective implementation of projects and operations of the Investment Promotion Desk (IPD).
- present to the Sangguniang Bayan for approval with a 2/3 votes of its members any decision on Bond Flotation.
- exercise such other powers and performs such other duties as the Board may direct or authorize from time to time.

Section 6. Powers and Duties of the Vice Chairperson of the PIIB. The Vice Chairperson of the Board of PIIB shall have the following powers and duties:

- preside over the regular and special meetings of the Committee in the absence of the Chairperson; and
• perform such other duties and functions as may be necessary for and in behalf of the latter.

Section 7. Duties, Responsibilities and Functions of the Secretariat. The Secretariat shall be composed of the Local Economic and Incentives Promotion Officer (LEIPO) who shall be the head of the Secretariat and at least three (3) other members to be designated by the Chairperson of the MIIB with the approval of the majority of the Board which shall have the following duties and responsibilities:

• keep a journal and complete record of proceedings of every meeting in a form of minutes duly approved by the majority of the members present;
• keep and act as custodian of the records of the minutes of the Board meeting and other official records of the Board;
• take responsibility on the production, printing and maintenance of a substantial number of application forms for incentive availment, promotional brochures, flyers and other literature regarding investment;
• serve as liaison between PIIB, DTI, NEDA or any other economic national or international funding agencies especially on matters of new investment marketing techniques, and other in luring investment;
• assist in the implementation of the Investment Incentives Code;
• take care of Investors-After-Care Services.

ARTICLE V

INVESTMENT PROMOTION DESK (IPD)

There is hereby created the Investment Promotion Desk (IPD) which shall be managed by the Local Economic and Investment Promotion Officer (LEIPO) and shall have the following functions:

• serve as one-stop information, documentation and processing desk;
• serve as business desk for those who wish to transact official business with the PIIB to include matters concerning site development plan, priority areas and land use.
• conduct studies and research, gather data, provide and supply these data to the Board to serve as reference in future decision making.
• prepare and implement the annual investments promotion plan as approved by the Board;
• receive, process and evaluate applications for registration and applications for the availment of the local incentives and submit its recommendation to the Board within a specified period from the receipt of application;
assist in: (1) securing licenses and permits; (2) identifying business or joint venture partners, raw materials suppliers and possible business sites;

- source out skilled manpower and service providers;
- facilitate in resolving issues and concerns encountered by investors, among others;
- render after care services to registered enterprises/locators;
- monitor and evaluate project implementation of registered enterprises;
- establish and update data bank on general business information;
- strengthen networking relationships;
- prepare and disseminate investment promotion collaterals, e.i., brochures, industry and project profile as well as the cost of doing business in the LGU;
- conduct briefings to investors;
- represent the LGU in trade and investments meetings, conferences, fora, conventions, and other similar gatherings in both domestic and foreign venues whenever so directed by the Board;
- collate, analyze and compile pertinent data and studies concerning areas that have been or may be declared as “Investment Priority Areas”;
- recommend to the Board any modification/amendments to existing legislation and procedures on local investments;
- assist on technical matters as maybe directed by the Board.

Section 8. Visitorial Power of the Board. The Board or any duly authorized member thereof, shall be empowered and authorized to conduct an ocular inspection of the premises or examination of the business activity of any enterprise, including the records and books of any enterprise, registered or applying for registration at any reasonable time of the day, during office hours, for verification or ascertaining the enterprise's compliance with the provisions of the Code, or when the Board deems it necessary or incidental for the effective exercise and performance of their respective functions and powers.

ARTICLE VI
INVESTMENT PRIORITY AREAS

Section 1. Policies on the Identification of Investment Priority Areas (IPAs)
The Board shall formulate the IPAs, consistent with the IPP, the CDP, and CLUP, Zoning Regulations and such other criteria that will ensure sustainable and equitable economic and social development. The following criteria may be considered in determining the IPAs of the Municipality of Pavia:

- investment activities that are aligned to the national development thrusts and the development vision of the Municipality.
• significant potential contribution to the growth of a sizable number of existing business or to a vital industry in the Municipality;
• capacity to generate employment, whether direct or indirect, particularly for those within the Municipality.
• use of locally available materials and resources.
• ability to promote the dispersal of business/commercial activities to less developed areas within the Municipality.
• ability to improve environmental conditions within the Municipality including biodiversity, or involves activities that promote sustainability of existing natural resources of the Municipality; and
• contribution to the infrastructure in the Municipality through Public Private Partnership (PPP).
• Agriculture and Eco-Tourism – The Municipality of Pavia may encourage organic agriculture, including the production of organic fertilizers of plant and animal origin, production of microbial fertilizer with nitrogen fixing organism and the like, which are considered biodiversity-friendly business in accordance with the three (3) E’s of sustainable development: ecology, economy and equity.

**Section 2. Investment Priority Areas (IPAs).** The following are considered as preferred areas for investments:

a. Pioneer Enterprise
   1. Printing, Publishing and Allied Industry
   2. Manufacture or assembly of Agricultural Machinery
   3. Manufacture or assembly of Motor Vehicle and Transportation Machinery
   4. Pre-Fabrication Industry (e.g. concrete, iron, wood)
   5. Electronics Industry
   6. Mass Communication Industry
   7. Bank and Lending Industry
   8. Information Technology
   9. Malls
   10. Tire Manufacturing and Recapping Industry
   11. Agri-Industrial Business
       (Open to all business under this area including bonded warehousing)
       12.a Wine and Spirit Distillery
       12.b Wall Board Factory
12.c Feed Mill  
12.d Furniture (e.g. bamboo by-products, wood)  
12.e Herbal Products Processing Plant  
12.f Organic fertilizer  
12.g Garments  
12.h. Soap-making  
12.i Ceramics  
12.j Shoe manufacturing  
12.k Hollow blocks factory and other related products  
12.l Bricks Factory Furniture  
13. Tourist Accommodation Facilities  
13.a Theme park development  
13.b Hotels, pension houses and night spot centers  
13.c Recreational facilities  
13.d Fitness and spa center  
13.e. Inland Resort Development  
14. Service-oriented / consumer-oriented business  
14.a Water treatment  
14.b Water distribution system  
14.c Power / electrical plant  
14.d Irrigation system  
14. e. Money Transmittal Center  
15. Cold storage and warehousing  
16. Ice plant  
17. Engineering products (metal crafts)  
18. Crematorium or any other similar facilities  
19. Motor service center  
20. Pawnshop  
21. Gasoline stations  
22. Cargo forwarding  
23. Photo processing and gallery  
24. Other consumer products (gifts, hardware, garments, ceramic)  
25. Waste management system  
26. Waste recycling plant  
27. Processing plant using locally grown materials  
28. Food processing plant (meat, poultry, fish)  
29. Fruit processing plant  
30. Fiber processing plant  
31. Canning  
32. Common-Carriers
33.a Pedicabs and Tricycle body development
33.b Jeepney
34.Institutional
    34.a Private hospital / lying-in clinic
    34.b Private academic institution (vocational schools)
    34.c Banks
35.BOT Projects
    35.a Subdivision and housing projects
    35.b All other infrastructure which may be eligible for BOT
36.Communications
    36.a Cell sites
    36.b Call centers
37. Retirement Home/Village

**Section 3.** The Board may add to the list of Investment Priority Areas (IPA), subject to the approval of the Sangguniang Bayan.

**Section 4. Inclusion in the IPA list as basis for grant of incentives.** The investment activities listed in the Investment Priority Areas (IPA) shall be the basis for the grant of incentives. The IPA list shall be limited to those granted and subject to the terms and conditions under the relevant Incentive Law determined by the Municipality and be limited to those industry, project or activity that satisfies the criteria set under Section 2 hereof. Said IPA list shall be subject to approval by the Sanggunian Bayan.

**Section 5. Periodic Review of the IPA List.** The IPA list shall be automatically amended upon the issuance of the revised Investment Priorities Plan (IPP) and/or the issuance of any other law granting incentives, fiscal or otherwise, at the national level. Investment activities in the IPA List shall be dropped in accordance with applicable provisions of national law or the repeal of the law that granted local incentives to a particular business activity. No addition or deletion from the IPA List shall be made in the absence of a corresponding statutory or other basis issued by the national government. The entitlement to incentives of applicants for registration whose business activity belong to the IPA List shall be mainly governed by the national law or other issuance pursuant to such law.

The Board shall undertake review the of the IPA list at least once every two (2) years taking into consideration the socioeconomic development plan and public investment plans formulated by the LDC of the Municipality of Pavia and the
preferred areas of investment as provided under pertinent national laws. The following factors may be considered for inclusion to the IPA:

- Number of Local residents to be employed by the enterprise;
- Use of local/indigenous raw materials;
- High degree of value added features;
- Creation of linkages with the local industries such as joint ventures with local investors;
- Projects of historical or cultural value such as restoration of historical building, cultural reviews, among others, in accordance with the program for historical or cultural revival of the locality; and
- Protection of environment

Section 6. Amendment of IPA List. - The Board may recommend the amendment/removal of an investment activity from IPA List; (a) as soon as the sufficient investment has been attained; (b) continued extension of incentives is no longer to the interest and benefit of the locality and (c) the investment area or activity cannot attract investors within a reasonable time, and the cost may result in unfavorable business climate.

ARTICLE VII
QUALIFICATIONS

Section 1. General Qualifications of New Business Enterprise/Cooperative. All new and expanding enterprise/ cooperative may apply for incentives provided in this Code, on the basis of the following conditions:

- The project/ or business enterprise/ cooperative shall engage in an activity listed in the Investment Priority Areas (IPA);
- Compliance with all requirements mandated under existing local and national laws;
- Place of operation or production shall be in the Municipality of Pavia;
- Investment must be in the Investment Priority Areas (IPA) list as embodied in Article VI, Section 2 herein or as the Board may hereinafter declare;
- Must establish its principal office in the Municipality of Pavia;
- The project must entitle an investment of at least One Million Five Hundred Thousand (P1.5M) Pesos;
- The project on expansion must directly generate employment of at least five (5) persons who are bonafide residents of the Municipality of Pavia;
• Except for supervisory and managerial positions, at least seventy percent (70%) of the employees/ workers are bonafide residents of the Municipality of Pavia;

• For Department of Trade and Industry (DTI), Securities and Exchange Commission (SEC) or Cooperative Development Authority (CDA) registered enterprise, it must show proof by submitting a photocopy of its Certificate of Registration issued by the DTI, SEC or CDA.

Section 2. Qualifications of an Expanding Business Enterprises/ Cooperatives. In addition to the requirements as mentioned in Section 1, Article VII of this Code, expanding business enterprise/ cooperative must meet the following:

a. Compliance with all requirements mandated under local and national laws;

b. Expansion or diversification must be within IPA list as declared by the Board;

c. That the expansion/ diversification shall provide employment of at least five (5) persons in the case of small scale enterprises, at least ten (10) persons for the medium scale enterprises and at least twenty (20) persons for large scale industries, who shall be bonafide residents of the municipality.

ARTICLE VIII
REGISTRATION

Section 1. Types of Projects for Registration

a. New Projects
b. Expansion Projects
c. Modernization Projects
d. Diversification Projects

Section 2. Registration Requirements. All applications for registration for the purpose of availing of the incentives and privileges as provided for in this Code shall be secured and filed with the Investment Promotion Desk (IPD). A one-time non-refundable filing fee of One Thousand Pesos (P1,000.00) shall be paid to the IPD to cover the cost of supplies, printing materials, forms and other administrative needs of the office. The following documents must be submitted:

Single Proprietorship

• Copy of Business Name Registration issued by the Department of Trade and Industry (DTI);

• Copy of Audited Financial Statements (if existing);

• Copy of completed application form for registration under the PIIC;
Such other documents that may be required by the LGU to be submitted.

Registration from the BIR

Initial Environmental Examination (IEE)/ Environmental Compliance Certificate (ECC)

Solid Waste Management Plan

**For Partnership / Corporation**

- Copy of the Articles of Partnership or Incorporation;
- Certified true copy of its Certificate of Registration issued by the Securities and Exchange Commission (SEC), for Corporation/Partnership;
- Resolution of the applicant’s Board of Directors, in case of a Corporation authorizing the filing of application;
- Copy of Audited Financial Statements (if existing);
- Certificate (ECC) or Non Compliance Certificate (NCC), if applicable;
- Copy of completed application form for registration under the LIIC; and
- Such other documents that may be required by the LGU to be submitted.

Registration from the BIR

Initial Environmental Examination (IEE)/ Environmental Compliance Certificate (ECC)

Solid Waste Management Plan

**For BOI Registered Enterprises**

- Certified true copy of the BOI Certificate of Registration;
- Copy of the documents submitted to BOI pertaining to their registration;

Further, a copy of the complete project study of the proposed investment showing that the project is economically, technically and financially feasible and clearly stating its anti-pollution strategies and its capital investment excluding land cost shall be submitted.

**Section 3. Disqualifications.** An existing business enterprise that has retired and reorganized for the purpose of availing of privileges/incentives under this Code is automatically disqualified.

The Board reserves the right to disapprove any application on valid grounds, taking into consideration the protection of the environment and welfare of the inhabitants.
Section 4. Registration Procedures. To ensure an orderly manner of registration, the following procedures shall be observed:

4.1 The Board, subject to the approval of the Sangguniang Bayan, shall prescribe an official application form to be accomplished by the applicant with all the required information appearing thereon;

4.2 The duly accomplished application form shall be filed at the Investment Promotion Desk (IPD) for the appraisal of the Board;

- Filing of Applications - All applications shall be filed with the Investments Promotion Desk (IPD) of the Municipality of Pavia.
- Check Listing / Assessment of Documents - Client presents documents for check listing on its completeness and consistency of information.

4.3 Date of Official Acceptance. Only complete application shall be officially accepted and registered in the Registration Book. Date stamped on the application shall be considered as the date of official acceptance of the application.

4.4 Evaluation /Approval of Application - Once an application is officially accepted, the project will be evaluated by the LEIPO as to the completeness of the documents/requirements submitted, which may conduct an ocular inspection at the premises of the business, if necessary. The evaluation of the application shall be presented for the action of the Board. If the application is denied, the LEIPO shall inform the applicant in writing. In both cases, a Board Resolution shall be entered in the minutes of the meeting of the Board. If the application is approved by the board, the same shall be endorsed to the Sangguniang Bayan for its resolution/ordinance. The Local Economic and Investment Promotions Officer (LEIPO) Officer shall notify the applicant and inform the Treasurer and the Assessor of such approval for guidance and appropriate action.

4.5 Processing Time - The processing time from date of official acceptance until the Board may act on the recommendation of the LEIPO should not be more than Forty Five (45) days.

4.6 Filing Fee - A non-refundable filing fee of One Thousand Pesos (P 1,000.00) shall be paid together with the required documents for registration. Micro-enterprises shall be exempted from the application
fees while small enterprises shall be given a 75% reduction of registration fees.

4.7 Certificate of Registration - Upon approval at the Sangguniang Bayan, an enterprise shall be issued a Certificate of Registration with the signature of the Chairman of the Board. It shall state among others, the following: (a) Name of the Registered Enterprise; (b) The Investment Priority Area (IPA) in which the registered enterprise will engage in; (c) The incentives granted and period of its availment; and (d) Such other terms and conditions to be observed by virtue of its registration; (e) No double availment of incentives/benefits under different laws and/or programs.

A Certificate of Registration shall be issued to a business entity whose application has been approved by the Sangguniang Bayan. This Certificate shall then serve as the applicant’s proof in availing the incentives and privileges granted by the Sangguniang Bayan.

4.8 Support to Micro, Small & Medium Sized Enterprises (MSMEs) - The Board of Investments (BOI) promotes the unfolding of MSMEs on account of their contribution to employment generation, countryside development and the cultivation of the Filipino entrepreneurial spirit. The following assistance given to BOI registered MSMEs may be considered by the LGU:

a. Preparation of simplified project application;
b. Identification of MSMEs support companies;
c. Exemption from payment of application and registration fees;
d. 75% reduction in the application and registration fees for small enterprises;
e. Simplified documentary, reportorial requirements and application for incentives.

4.9 Article 61 of Republic Act (RA) 9520, otherwise known as “The Philippine Cooperative Code of 2008” and RA 7916, otherwise known as “The Special Economic Zone Act of 1995” provides for the tax breaks of cooperatives and locators of ecozones, respectively.

Section 5. Cancellation. The Certificate of Registration duly issued to a qualified business entity can be cancelled by the Local Chief Executive as recommended by the Board based on the following grounds:

a. Violation of any provision of this Code;
b. Non-compliance with anti-pollution laws or ordinances and such other regulatory measures passed thereon by the local and national government;
c. Non-submission of the periodic requirements that the Board may require necessary for the periodic review of all registered enterprises such as annual audited financial statements, among others; and
d. Non-compliance with labor laws, Social Security System, Bureau of Internal Revenue requirements, and other national issuances relevant thereof.

ARTICLE IX
INCENTIVES AND PRIVILEGES

An enterprise registered under this Code shall enjoy the local incentives, privileges, tax exemptions, relief and other economic privileges as provided for in the following provisions. These shall be, however, subject to the provisions of DTI regulations, Foreign Investment Act of 1991 (R.A. 7042), Local Government Code of 1991 (R.A. 7160), Omnibus Investment Code of 197 (E.O. 2260), Internal Revenue Regulations and other pertinent national laws granting incentives.

Section 1.A. Fiscal Incentives. The following fiscal incentives may be given to enterprises consistent with the Local Revenue Code and Book II the Local Government Code which may include the following:

1. Incentives from paying local business taxes imposed under the Revenue Code of the Municipality of Pavia, subject to the schedule as provided for in Article IX, Section 1.C;
2. Incentives from paying the 40% of the municipal share of the Real Property Tax. (This exemption is limited to those real properties directly used in the business only) during the period of availment as provided in Article IX, Section 1.B. The incentive shall pertain only to the share of the LGU granting the fiscal incentive.
3. Exemption from payment of postal charges of fees pursuant to Article 282 of the Local Government Code during the period of availment as provided in Article IX, Section 1.B;
4. Exemption from special levy on real property pursuant to Section 235 of the LGC during the period of availment as provided in Article IX, Section 1.B;
5. Waiver of Increased Assessments on Real Property Taxes after the expiration of the exemption period. Any increase in real property taxes brought about by the development of the same by the registered enterprises shall not take effect during the period of availment for the incentive. The Municipal Government shall likewise waive real property taxes on improvements arising from the economic activity granted during the registration. However, the registered enterprise shall continue to pay the real estate taxes due to property prior to the improvement. These incentives shall likewise be extended to the lessor of property of the registered enterprises.

6. Termination of fiscal incentives after the expiration of the exemption period. The PIIB shall, one (1) month prior to the expiration of the exemption period inform the registered enterprise/ cooperative in writing that the fiscal incentive extended to them is about to expire.

7. Should an existing business opt to open another branch, the fiscal incentives shall apply only to the new branch in accordance with the provisions of this Code.

Section 1.B. Period of Exemption. Registered enterprises may avail of the fiscal incentives provided for under this Code and may enjoy such privileges on a certain period depending on the capital investment. The availment/enjoyment of privileges shall be based on the following:

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<tr>
<th>Capital Investment</th>
<th>Duration of Incentives</th>
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<tbody>
<tr>
<td></td>
<td>Pioneer</td>
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<tr>
<td>Micro – below Php 3 Million</td>
<td>4</td>
</tr>
<tr>
<td>Small -Php 3 Million - below 15 Million</td>
<td>4</td>
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<tr>
<td>Medium –Php 15 Million - below 100 Million</td>
<td>4</td>
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<tr>
<td>Large - Php 100 Million and above</td>
<td>5</td>
</tr>
</tbody>
</table>

Section 1.C. Schedule of Incentives Availment for Local Business Taxes. The availment/enjoyment of privileges of registered enterprises as provided in Article IX, Section 1.A.1 shall be the corresponding percentage of the net local business tax due based on the following:

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<tr>
<th>Capital Investment</th>
<th>Incentives Availment</th>
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<tbody>
<tr>
<td></td>
<td>Pioneer</td>
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<td></td>
<td>Year 1</td>
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<tr>
<td>Micro below Php 3 Million</td>
<td>100 %</td>
</tr>
<tr>
<td>Small Php 3 Million – below 15 Million</td>
<td>100 %</td>
</tr>
</tbody>
</table>
Medium
Php 15 Million - below 100 Million
100 % 75% 50% 25% 0

Large
Php 100 Million and above
100 % 80% 60% 40% 20%

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<thead>
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<td>Php 100 Million and above</td>
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</table>

Section 1.D. Other Incentives. New business enterprise not eligible under this code but can show proof that it employs fifty (50) or more workers who are bona fide residents of the Municipality of Pavia can still enjoy tax incentives/privileges provided for in this Code subject to the approval of the Municipality of Pavia Investment Incentives Board. Provided further, that the duration does not exceed three (3) years for pioneer and two (2) years for non-pioneer. Schedule of incentives availment in Article IX, Section 1.C shall apply.

Section 2. Green Incentives. Incentives for enterprises engaged in payments for environmental or ecosystem services with poor marginalized communities or local governments for environmental protection and climate change adaptation. PES contributions may be in the form of direct technical and financial assistance on sustainable livelihood activities that will reduce the poor’s vulnerability to climate change, financing protection or rehabilitation of degraded ecosystems, and other environmental activities formally agreed on with concerned communities and local government units.

a. An enterprise availing of the green investment incentive shall file an application with the IPD regarding its intent to undertake a green/social activity, the location and the date. Said activity shall either be a regular activity or that can be completed within the timeframe approved by the PIIB.

b. The IPD shall be in charge of issuing a certification that the
registered enterprise is in its environmental services program, or has undertaken regular green and socially responsible activities and is qualified for the incentive.

c. After due verification of contributions to payments for environmental or ecosystem services program, urban greening and restoration, reforestation and planting of trees, and similar investments, the IPD shall issue a certification indicating the costs of such activities. Such certification shall be presented to the local treasurer concerned during the payment of the business tax to avail of the incentive which is deductible in full amount.

d. This incentive is non-transferable. In case of a change of ownership of the enterprise, the incentives shall not be transferred to the new owner, but shall continue to be enjoyed by the original owner and applied to his new business enterprise, if any, provided that, the period of incentive shall expire within a given period from the date of application as indicated in the Certification issued by the IPD regardless of whether the owner availed of it or not. The new owner of the enterprise has the option to apply for green incentives, provided further that, the enterprise continues its green initiatives and complies with all the requirements to avail of the incentive.

e. The LGU shall have the right to reappraise the cost of the re-greening or landscaping in case it finds the reported cost excessive.

f. This incentive may be availed of only once every three years.

Section 3. Non-Fiscal Incentives. The following non-fiscal assistance shall be accorded to investors:

a. provide a one-stop documentation for simplified documentation/registration procedures, which shall be facilitated with the assistance from the Local Economic and Investment Promotion Officer (LEIPO);

b. support industrial peace through reconciliation and mediation efforts of the LEIPO;

c. assist investors in securing electric power and water supply connection;

d. coordinate the negotiation of special rates for utilities for industries with a certain minimum load;

e. assist investors in their site selection and negotiation for right of way;

f. network with concerned national agencies such as
Technical Education Skills and Development Authority (TESDA) and other similar institutions for trainings of workers to enhance skills of manpower of the enterprise;
g. facilitate outbound and inbound missions of investors; and
h. such other after care services that may be accorded to investors.

Section 4. Non-applicability. The incentives granted under this Code shall be limited to Investment Priority Areas (IPA).

Section 5. Corporate Social Responsibility (CSR) of Registered Enterprises.

BOI registered enterprises with projects under pioneer status must undertake Corporate Social Responsibility (CSR), whereas, those on non-pioneer status are encouraged to undertake CSR, to the extent possible, in accordance with the development plan of the community where the registered project is located. To sustain environmental protection, adaptations to climate changes and reduce poverty in the local areas, the following may be undertaken as CSR of registered enterprises such as but not limited to: greening/re-greening of Area; rehabilitation and restoration of buildings or other structures in accordance with the municipal renewal or restoration plan of the LGU; re-greening or landscaping may be in the form of urban greening or landscaping such as major road sides; areas with historical or tourism value; areas in bio-geographic zones; eroded slopes as technically appropriate based on assessment by competent authorities; public open spaces especially in residential and commercial areas including street islands, parks, promenades, parking area peripheries, and the like. Provided that, the enterprise takes care of the maintenance of the trees and plants, otherwise, reimbursement of the incentive granted shall be due and demanded.

Social Projects like housing for employees, educational projects, cultural revivals, programs for women, children, elderly, disabled, out of school youths and indigenous peoples, community infrastructure projects aligned with the development plan of the LGU and such other projects or activities based on the development needs of the community where the project is located or identified.

Upon complying the requirements set by PIIB, the cost for undertaking such CSR activities shall be eligible for incentives availment.

ARTICLE X

PROVISIONS FOR ENVIRONMENTAL PROTECTION
Section 1. Environmental Impact Assessment. Environmentally critical projects or enterprises locating their activities or expansion projects in environmentally critical areas shall comply with the requirements of Presidential Decree No.1586 (Philippine Environmental Impact Statement System) and related issuances of the Department of Environment and Natural Resources.

Section 2. Hazardous Substances. Projects involving the handling, transport, processing and storage of toxic, hazardous substances and/or nuclear waste shall not be entitled to any incentives.

Section 3. Specific Prohibitions. (a) No industrial or manufacturing facility shall be operated without proper air pollution devices, wastewater treatment facilities, and solid waste management facilities; (b) No industrial or manufacturing plant shall be operated at levels beyond the operating capacity of their respective waste treatment facilities in order to maintain the effluent quality within the standards required by law; (c) All industrial and manufacturing establishment shall subject their operations and premises, facilities and systems to periodic environmental compliance monitoring, which shall be conducted by the LGU in coordination with the Department of Environment and Natural Resources. Refusal to be subject to such inspection shall be sufficient ground for the forfeiture of any incentive and the revocation of its Certificate of Registration and/or Business Permit by the concerned local government units.

The PIIB shall ensure that the green and socially responsible projects undertaken by enterprises on public property shall be in harmony with the overall environmental management program of the LGU and/or local government concerned as determined by the Municipal Environment and Natural Resource Office.

ARTICLE XI
APPROPRIATION

Section 1. Budgetary Allocation. In order for the Pavia Investments and Incentives Board (PIIB) and the Investments Promotion Desk (IPD) to operate effectively and ultimately serve the purpose of its creation, an initial provision for appropriation in the amount of One Hundred Fifty Thousand Pesos (P150, 000.00) annually shall be appropriated which shall be taken from any available fund through regular or supplemental Budget.
Section 2. Revenues from the Operation of the Code. The LGU may provide that income derived from the operation of this Code shall go to the special coffers captioned “Investments Promotion Fund”.

ARTICLE XII
REPEALING AND SEPARABILITY CLAUSE AND PENAL PROVISSIONS

Section 1. Repealing Clause. This ordinance hereby repeals Municipal Ordinance 2007-04 and all other ordinances and resolutions inconsistent with any provisions of this Code.

Section 2. Separability Clause. The Provision of this Code is hereby declared separable. Should any provisions herewith be declared unconstitutional and unlawful, the invalidity of one or more provisions shall not affect the validity of the provisions thereof.

Section 3. Penal Provisions. Any misrepresentation or validation to any provisions of this Code committed by any entity relative to its application filed before the Board shall be fined in the amount of Two Thousand Five Hundred Pesos and/ or imprisonment of not less than five (5) days but not more than six (6) months or both at the discretion of the court for each instance of misrepresentation.

Any violations of the conditions provided in this Code shall result to the withdrawal of all incentives granted herein, provided that taxes, fees and charges due from the lessors of the property shall likewise be paid by the registered enterprise and no penalty shall be imposed on the lessor of the property unless it is proven that the lease arrangement was undertaken as part of a concerted effort to violate the conditions provided in this Code.

ARTICLE XIII
AMENDMENTS

Amendments to any provisions of this Code shall only be done through an Act of the Sangguniang Bayan. The Pavia Investment Incentives Board through its Chairperson may propose an amendment to the Code if they find it necessary to spur increased economic activity.

Any amendments made to this Code in the future shall and will not affect the incentives already granted to registered enterprises prior to the Amendment. However, Registered Enterprise may claim the additional benefits incentives
made available with the approval of amendments, through the written request. Approval thereof will be subject to the discretion of the Board.

ARTICLE XIV
EFFECTIVITY

This Code shall take effect after three (3) publications in a newspaper of general circulation in the Municipality of Pavia and after posting in the bulletin board at the entrance of the municipal building and in at least two (2) conspicuous and publicly accessible places in the Municipality for three consecutive weeks.

BE IT ORDAINED FURTHER, to furnish copies of this Ordinance to all Sangguniang Barangays for posting and to the Sangguniang Panlalawigan of the Province of Iloilo for review.

ENACTED this 5th day of May, 2015 at Pavia, Iloilo, Philippines.

APPROVED.

I HEREBY CERTIFY to the correctness of the above-quoted Ordinance.

ATTESTED BY:
HON. MARK ANTHONY II. SOTOMIL
Municipal Councilor
Temporary Presiding Officer

APPROVED:
MICHAEL B. GORRICETA
Municipal Mayor

Date Posted:_________________________
Date Published:______________________
Date Forwarded to SP:________________