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

83rd Regular Session

ORDINANCE NO. SP-2219, S-2013

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

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

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

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

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

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

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

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

NOW, THEREFORE,

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

BOOK I
GENERAL PROVISIONS

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

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ARTICLE I
DECLARATION OF POLICY

1. It is the declared policy of the City to encourage the entry, expansion, diversification and modernization of medium and large enterprises in various areas of the commercial, industrial and service sectors through the provision of appropriate incentives packages.

2. These incentives packages shall be geared towards:

   2.1 Accelerating the achievement of the City's socio-economic development goals as contained in its Comprehensive Development Plan (CDP), Comprehensive Land Use Plan (CLUP), The Revised Quezon City Comprehensive Zoning Ordinance (Series 2013), Tourism Development Plan (TDP), and all other development planning documents of the City Government.

   2.2 Encouraging the inflow of domestic and foreign investments into Quezon City in order to attain inclusive economic growth as characterized by the creation of more jobs and income generating opportunities, as well as an expansion of the City's revenue base.

   2.3 Promoting collaborative efforts with the private sector, among themselves or with government, in support of the City's socio-economic development objectives by means of various tools and modalities such as, but not limited to, Public-Private Partnerships, Corporate Social Responsibility projects, Social Enterprises, and Cooperativism.

   2.4 Prioritizing enterprises that contribute to enhancing the core strengths of the City as well as those identified as imperative to the realization of its development agenda.

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ARTICLE II
SCOPE, NATURE AND PURPOSE

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

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

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

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ARTICLE III
DEFINITION OF TERMS

a) *"QC-EDIB" refers to the Quezon City Economic Development Investment Board.*

b) *"Expansion" shall include modernization and rehabilitation and shall mean an increase in the existing volume or value of production or the upgrading of the quality of the registered product or the utilization of inefficient or idle equipment under such guidelines as the QC-EDIB may adopt.*

c) *"Foreign Investment" shall mean an equity investment made by a non-Philippine national in the form of foreign exchange and/or other assets actually transferred to the Philippines and duly registered with the Bangko Sentral ng Pilipinas (BSP), which shall assess and appraise the value of such assets other than foreign exchange.*

d) *"Foreign Loans" shall mean any credit facility or financial assistance other than equity investment denominated and payable in foreign currency or where the creditor has the option to demand payment in foreign exchange and registered with the Bangko Sentral ng Pilipinas (BSP) and the Board of Investments (BOI).*

e) *"Local Economic Investment Promotions Office" means the office established in Article V, Book I of this Code.*

f) *"MLEs" – shall mean Medium and Large Enterprises, in which a medium enterprise has a capitalization of PhP15,000,001-100,000,000.00, whereas a large enterprise has a capitalization of PhP100,000,001.00 and above.*

g) *"Modernization Project" refers to a project of a non-pioneer enterprise that involves improvements in systems, processes, equipment, and/or facilities resulting in any of the following:*

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i. at least a 25% reduction in production cost/cost of the service; or

ii. the upgrading of product/service quality or reclassification of the facility to a higher class in accordance with the accreditation standards applicable to the industry concerned.

h) "Net Value-added" refers to the value of the final product/service less the value of inputs. The project's net value-added should be at least 25% except for projects dependent on imported raw materials/supplies.

i) "Philippine National" shall mean a citizen of the Philippines; or a domestic partnership or association wholly owned by citizens of the Philippines; or a corporation organized under the laws of the Philippines of which at least sixty percent (60%) of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines.

j) "Pioneer Enterprises" shall mean a registered enterprise (1) engaged in the manufacture, processing or production, and not merely in the assembly or packaging of goods, products, commodities or raw materials that have not been or are not being produced in Quezon City, on a commercial scale; and/or (2) uses a design, formula, scheme, method, process or system of production or transformation of any element, substance or raw material into another raw material or finished product that is new and untried in Quezon City; and/or (3) produces non-conventional fuels or manufactures equipment that utilizes non-conventional sources of energy in its production, manufacturing or processing operations. The production of the final products in any of the foregoing instances must involve the substantial use and processing of raw materials.

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k) *"Non-pioneer Enterprise" shall include all registered producer enterprises other than pioneer enterprises.*

l) *"Processing" shall mean the conversion of raw materials into marketable form through physical, mechanical, chemical, electrical, biochemical, biological or other means or by a special treatment or a series of actions, such as slaughtering, milling, pasteurizing, drying or desiccating, and quick freezing, that results in a change in the nature or state of the products. Mere packing or packaging shall not constitute processing.*

m) *"Rank and File Employee" – refers to any person in the employ of an employer. Such employee performs tasks that are routinary or clerical in nature, with no power to make any independent judgment in the interest of the employer. The term rank and file employee includes regular, casual seasonal, probationary, project/non-project, fixed-term, or field personnel.*

n) *"Raw Materials" – shall mean any article which when used in the manufacture of another article becomes a homogenous part thereof, such that it can no longer be identified in its original state, nor may it be removed therefrom without destroying or rendering useless the finished article to which it has been merged, mixed or dissolved.*

o) *"Registered Enterprise" shall mean any individual, partnership, cooperative, corporation or other entity incorporated and/or organized, duly registered with the Securities and Exchange Commission (SEC) and/or Department of Trade and Industry as the case may be, with a legitimate license to operate business. The conduct of business to be approved by the QC-EDIB shall conform to existing national laws and local ordinances.*

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ARTICLE IV
QUEZON CITY ECONOMIC DEVELOPMENT AND INVESTMENT BOARD

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

Chairperson	-	*Mayor*
Vice-Chairperson	-	*Vice-Mayor*
Members	-	*Chairperson, City Council Committee on Trade; Commerce and Industry*
		Chairperson, City Council Committee on Ways and Means
		City Administrator
		Chief, Business Permits and Licensing Office (BPLO)
		Head, Public Employment Service Office (PESO)
		City Treasurer
		City Planning and Development Officer
		Senior Adviser to the Mayor
		President, Quezon City Polytechnic University (QCPU)

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

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

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

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

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