

## **AN ORDINANCE AMENDING THE “REVISED DIGOS CITY INVESTMENT AND INCENTIVES CODE OF 2019”**

*Be it ordained by the Sangguniang Panlungsod in session assembled:*

**WHEREAS**, it is the mandate of the Republic of the Philippines through Republic Act NO. 7160, otherwise known as the “Local Government Code of 1991”, which provides for the Local Development Councils to formulate Local Investment Incentives Code to promote the inflow and direction of private investments;

**WHEREAS**, consistent with the government’s thrust of inducing countryside development to improve the standard of living, local government units have been formulating plans and undertaking activities that could lead to socio-economic development of their own localities;

**WHEREAS**, Digos is envisioned to be a “City of Choice to Visit, Dwell and Live “and referred to as the “Gateway of the South,” being geographically located in the southern part of the Davao Region;

**WHEREAS**, there is a need to attract local as well as foreign investments to provide business activities that will generate employment opportunities and improve the standard of living of the people in the City of Digos;

**WHEREAS**, the City of Digos has to enhance its competitiveness in terms of its investment climate in order to attract local and foreign investors;

**THEREFORE**, in the light of the foregoing reasons, and after careful deliberation, it was

**RESOLVED, AS IT IS HEREBY RESOLVED**, that the Sangguniang Panlungsod of Digos enacts an Ordinance granting incentives to qualified enterprises.

### **CHAPTER I- TITLE AND POLICY STATEMENT**

**SECTION 1. TITLE** – This Ordinance shall be known and cited as the **REVISED DIGOS CITY INVESTMENT AND INCENTIVES CODE or otherwise known as the “Revised Digos City Investment and Incentives Code of 2023”**.

**SECTION 2. DECLARATION OF POLICY.** - To accelerate social and economic growth, progress and redistribution of wealth to less developed areas, it is hereby declared to be the policy of the City of Digos to attract new investments, encourage expansion, diversification and retention of existing industries while at the same time ensuring a clean, green, healthy, safe, peaceful, and orderly environment, and providing equal opportunities to men, women, children and to differently abled persons within the context of sustainable development in accordance with the agri-industrial framework of the city and its surroundings areas.

Finally, to attain a healthy, safe, and climate change adaptive environment, there is a need to promote, propagate, develop further and implement the practice of green economy and organic agriculture in the City of Digos, increase farm productivity, reduce pollution and destruction of the environment, prevent depletion of natural resources, protect the health of farmers, consumers, and the general public.

### **CHAPTER II- DEFINITION OF TERMS**

**SECTION 3. DEFINITION OF TERMS** – For purposes of this Code, the following terms and phrases shall mean as follows:

- a. **“Board”** or “DCIPB” shall mean the Digos City Investment and Promotion Board created under this Code;

- b. "**City**" shall mean the City of Digos (or Digos City) covering all the areas within its territorial jurisdiction as provided for by its charter;
- c. "**Code**" shall mean the Revised Digos City Investment and Incentives Code of 2023;
- d. "**Investment Priority Areas (IPAs)**" shall mean specific economic activities that are identified and approved by the Board to be eligible for fiscal and/or non- fiscal under the Investment Code;
- e. **Registered Enterprise** – an enterprise that has received a Certificate of Registration duly signed by the Chairperson of DCIPB;
- f. "**Processing**" shall mean the conversion of raw materials into marketable form through physical, mechanical, chemical, electrical, biochemical, or other means such as special treatment or a series of actions such as slaughtering, milling, pasteurizing, frying or desiccating, quick freezing that result to a change of the nature or state of the product/s. Merely packing and packaging shall not constitute processing;
- g. "**New Project**" shall mean a project/business activity listed in the Investment Priority Areas (IPAs) in accordance with this Code that has not started commercial operation undertaken by:
  - i. A newly organized or formed enterprise;
  - ii. An existing enterprise that shall engage in an entirely distinct and different activity from its existing business operation: 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 infusion of new capital or investments;
- h. **Pioneering Project** – a new project which type of business is not yet existing in the Davao Region;
- i. "**Existing Investor/ Enterprise**" shall mean a business enterprise who has been conducting business or operating within the territorial jurisdiction of Digos City prior to its application with the Board under the provisions of this Code;
- j. "**Existing and Expanding Project**" shall mean an existing project that involves installation of additional facilities and equipment of Existing Enterprise that will result to increase in production capacity of the same product line within the same/existing plant/facility of the Registered Enterprise, provided that the Registered Enterprise should have attained at least 85% utilization of its existing capacity. This shall also include modernization and rehabilitation which shall mean increase of existing volume or value of production or upgrading the quality of the registered product. In case of incentive availment, only the incremental increase in production is subject to incentives as stipulated in this Code;
- k. "**Diversifying Business Enterprise**" shall mean a Registered Enterprise under this Code that installs additional facilities and equipment to expand its existing production into a new or another product line;
- l. "**Distressed Enterprise**" shall mean a Registered Enterprise under this Code whose equipment/facility/plant is damaged due to force majeure caused by natural calamities, disaster and fire that needs rehabilitation and repair to continue its normal operation but not to include those in distress by reason of bankruptcy;
- m. "**Export Enterprise**" shall mean an enterprise that manufactures or produces products or undertake services that exports at least sixty-five (65%) of its production capacity;

- n. **"Start of Commercial Operation"** shall mean the actual commencement of business activity or, the date specified in the project study or the date when the registered enterprise actually begins production of the registered product for commercial purposes or commercial harvest for agricultural products, or catering or servicing its client on commercial basis for service-oriented enterprise.
- o. **"Fiscal incentive"** shall mean the monetary grants in the form of local business tax and basic property tax holidays and exemptions from fees and charges such as Mayor's Permit and Building Permit of Registered Enterprises;
- p. **"Non-Fiscal Incentive"** shall mean non-monetary grants in the form of services and assistance provided to registered enterprises;
- q. **"Regulatory Fees"** shall mean fees levied by the City of Digos, under the current approved Revenue Code;
- r. **"Capitalization"** shall mean the total project cost excluding the cost of land. This is classified as small, medium, and large enterprises as defined in Republic Act No. 8289 otherwise known as the "Magna Carta for MSMEs" as follows:
  - i. **"Small scale Enterprise"** shall mean those enterprises with an asset size of at least Three Million Pesos (P 3,000,000.00) up to Fifteen Million Pesos (P 15,000,000.00).
  - ii. **"Medium Scale Enterprise"** shall mean those enterprises with an asset size of above Fifteen Million Pesos (P 15,000,000.00) to One Hundred Million Pesos (P 100,000,000.00).
  - iii. **"Large Scale Enterprise"** shall mean those enterprises with an asset size of over One hundred Million Pesos (P 100,000,000.00).
- s. **"Semi-skilled Labor"** shall mean those enterprise in an agri-industrial, industrial, residential and commercial establishment, who is partly skilled but is not enough to perform specialized work, or whose trainings, experiences and skills do not fit with the job/position.
- t. **"Unskilled Labor"** shall mean any person employed in an agri-industrial, industrial, residential and commercial establishments, without special skills, training and experience required by or necessary for the job;
- u. **"Skilled Labor"** shall mean any person employed in an agri-industrial, industrial, residential and commercial establishments, possessing the skills, training, experience and competencies necessary for the job;
- v. **"Registered Enterprise"** shall mean any individual, partnership, cooperative, corporation or other entry incorporated and/or organized and existing under the Philippine laws and registered and issued with a Certificate of Registration in accordance with the provisions of this Code;

### **CHAPTER III- DIGOS CITY INVESTMENT PROMOTION BOARD**

**SECTION 4. THE BOARD-** The Digos City Investment and Promotion Board (DCIPB) is hereby created to implement the provisions of this Code.

**SECTION 5. COMPOSITION-** The composition of the DCIPB shall be as follows:

<b>Chairperson</b>	<b>City Mayor</b>
<b>Members</b>	<i>Provincial Director of the Department of Trade and Industry (DTI) or his/her authorized representative</i>
	<i>Chairperson, SP Committee on Trade and Investment Promotions</i>
	<i>City Planning and Development Coordinator</i>
	<i>City Treasurer</i>
	<i>Business Permits and Licensing Officer</i>
	<i>Two (2) Private Sector Representatives</i> - Chamber of Commerce and Industry - Academe
Secretariat	<i>Local Economic Development and Investment Promotions Office</i>

Provided, that the membership of the Board may be increased by the Sangguniang Panlungsod through the recommendation of the Board as it may deem necessary for the effective implementation of the provisions of this Code. Provided, further, that the representatives of the private sector shall be appointed by the City Mayor upon recommendation of the sector or entity they represent.

**SECTION 6. BOARD MEETINGS AND QOURUM.** – The Board shall meet at least once every quarter or on a specific date, time and placed fixed by the Board. The presence of a majority of the members shall constitute a quorum. All policies and decisions acted upon by the majority of the members present during the meeting, there being a quorum, shall be considered valid.

**SECTION 7. POWERS AND FUNCTIONS.** – The primary function of the Board is to establish a favorable, sustainable, and stable policy on business climate, which will encourage and support private sector investments and the operation of business activities consistent with the development needs of the City. Pursuant thereto, the Board is hereby vested the following powers and functions:

- a. Recommend and review periodically Investment Priority Areas (IPAs) as aligned to the National Investment Priorities Plan (IPP) that can qualify for incentives under this Code subject to the approval of the Sangguniang Panlungsod;
- b. Formulate and adopt short, medium and long-term investment promotion programs, plans and policies, prioritize investment projects and activities, coordinates, monitor and evaluates the implementation of the investment promotion program;
- c. Formulate the Implementing Rules and Regulations (IRR) that govern the implementation of the intent and provisions of this Code subject to the approval of the Sangguniang Panglungsod;

- d. Designates the Digos City Investment Promotion Office as the Technical Secretariat and to consequently supervise the same in its operations and implementation of the provisions of this Code;
- e. Review, evaluate and act upon applications and approve the Certificate of Registration granting incentives to qualified enterprises as provided for under this Code;
- f. Suspend, revoke or cancel the granting of incentives to registered enterprises for failure to comply with the requirements as stipulated in this Code after due notices and appropriate proceedings;
- g. Propose and recommend necessary appropriations to the Sangguniang Pan-lungsod, and facilitate resource generation for the operation of the DCIPB and the LEDIPO to implement the provisions of this Code.
- h. Initiate programs and projects in coordination with concerned government agencies and private entities intended to streamline business permits and licensing processes and requirements for improvement of the business environment of the area, hence, attracting more investors, and;
- i. Coordinate closely with other government agencies and establish linkages with the private sector and non-government organizations in the implementation of the investment promotion programs and implementation of the provisions of this Code.

**SECTION 8. POWERS AND FUNCTIONS OF THE CHAIRPERSON.** – The Chairperson shall exercise the following duties, powers and functions:

- a. Preside over the regular and special meetings of the Board;
- b. Sign the Certificate of Registration in accordance with the rules and regulations of this Code;
- c. Recommend to the Board policies and measures deemed necessary to carry out the objectives of the Code;
- d. Render an Annual Report to the Sangguniang Panlungsod and such other reports that may be requested, and;
- e. Exercise such other powers and perform such other duties as may be authorized by the Board.

**SECTION 9. Visitorial Power of the Board.** The Board or any duly authorized member of the Board is hereby empowered, authorized, and mandated a visitorial power for purposes beneficial to the implementation of this Code, such as the conduct of an ocular inspection with prior notice in the operation/ premise of the applying or registered enterprise at any reasonable time of the day within official business hours to verify, monitor and ascertain strict compliance of the provisions of this Code or when the Board deems it necessary or incidental to the effective exercise of its respective functions and powers.

#### **CHAPTER IV- LOCAL ECONOMIC DEVELOPMENT AND INVESTMENT PROMOTIONS OFFICE**

**SECTION 10. The Center – The Local Economic Development and Investment Promotions Office (LEDIPO),** shall be manned by the following:

- a. Supervising Administrative Officer with Salary Grade 22-1
- b. Economic Enterprise Division
  - i. Economic Development Specialist II with Salary Grade 16-1

- ii. Economic Development Analyst with Salary Grade 11-1
- c. Business Development Division
  - i. Trade-Industry Development Specialist with Salary Grade 15-1
  - ii. Trade-Industry Development Analyst with Salary Grade 11-1
- d. Investment Services Division
  - i. Investment Specialist with Salary Grade 15-1
  - ii. Investment Analyst with Salary Grade 11-1
- e. Administrative Services Division
  - i. Administrative Officer IV with Salary Grade 15-1
  - ii. Administrative Aide I with Salary Grade 1-1
  - iii. Administrative Aide III (Driver I) with Salary Grade 3-1
  - iv. Administrative Aide I (Utility Worker I) with Salary Grade SG 1-1

Additional Technical Staff may be hired by the DCIPO upon recommendation of the Board, subject to the approval of the City Mayor and the Sangguniang Panlungsod.

All staff of the DCIPO shall be provided with capability and capacity building trainings and seminars to enhance their competency to be able to provide investor assistance services and implement investment promotion projects and activities as contained in the investment promotion program.

**SECTION 11. Duties and Responsibilities-** The LEDIPO shall serve as the One-Stop-Shop for investments promotion and facilitation, serve as the Technical Secretariat of the Board and shall take an active role in the implementation of this Code. In addition, it shall perform the following duties and responsibilities.

- a. Prepare and Implement the Digos City Annual Investment Promotion Plan as approved by the Board to aggressively and proactively promote the City of Digos to local and foreign investors.
- b. Provide the necessary support services to investors as guaranteed under the Code to include assistance in securing licenses and permits in accordance to the provisions of Republic Act No. 11032 otherwise known as the " Ease of Doing Business Law" undertake briefing and orientation to investors, identifying business or joint venture partners, raw materials suppliers, possible business sites for investment , sourcing out of manpower and service providers , and facilitate resolution of issues and concerns encountered by investors , among others;
- c. Undertake Knowledge Management Program to effectively serve as One-Stop-Shop Information Center for Investors. This shall include the conduct of investment- related studies and researches, data generation, processing, packaging, storage, and easy retrieval pursuant to the implementation of this Code;
- d. Collate, analyze and compile pertinent data information, conduct studies and consultations concerning areas that have been or may be declared as investment and conduct periodic review of the Investment Priority Areas for recommendation to the Board;
- e. Receive, process, and evaluate all applications received by the Office for registration and availment of local incentives and submit recommendation to the Board within a specified period in accordance to the provisions of this Code;
- f. Monitor and evaluate operation of registered enterprises which shall include the collation and evaluation of all reportorial requirements as required under this Code, and if deemed necessary and approved by the Board, shall conduct ocular inspection and review of records pertinent to the operations of registered enterprise;

- g. Prepare and submit periodic reports and other reports to the Board on the development and implementation of the investment promotion program and on activities relative to the implementation of this Code;
- h. Undertake and/or participate in trade and investment promotion activities such as trade and investment missions, briefings, fora, conferences, fairs and exhibits and prepare and disseminate investment promotion collaterals such as investment brochures, investment project profiles, video presentations and other knowledge resources;
- i. Establish and maintain networking relations with other private and government offices agencies whenever appropriate and necessary for the implementation or the provisions of this Code and;
- j. Perform other functions deemed necessary by the Board for the effective exercise and implementation of this Code.

## **CHAPTER V- INVESTMENT PRIORITY AREAS**

**SECTION 12. List of Investment Priority Area (IPAs)**- A list of Investment Priority Areas (IPAs) shall be prepared by the DCIPO for approves of the Board. it will contain the following:

- a. Specific activities and generic categories of economic activities where production of commodities, processed or manufactured products are encouraged for investments pursuant to domestic and export demand;
- b. Specific public utilities and infrastructures that provide relevant impact on income, productivity, competitiveness, and trade when ventured into by investors hence subject for incentives under this Code;
- c. Specific activities that promote the utilization of indigenous, non-petroleum-based fuels or sources of energy; and
- d. Such other data, information, analysis, guidelines or criteria as may be deemed necessary to the achievement of the Digos City's goal for development.

**SECTION 13. Criteria in Determining Investment Priority Areas.** - The determination of Investments Priority Areas shall be based on the long run comparative advantage, taking into account the value of social economic benefits such as employment generation, revenue generation, and contribution to the Digos City's Gross Domestic Product (GDP). No economic activity shall be included in the Investment Priority Areas unless it is shown to be economically, technically and financially sound after through investigation and analysis by the Board. The following shall be taken into consideration:

- a. Primarily, the economic soundness of the project as shown by its economic Internal Rate of Return;
- b. The extent of contribution of a project to a specific development goal;
- c. Other indicators or comparative advantage; and
- d. The environmental conservation/protection and social welfare considerations of the project

**SECTION 14. Investment Priority Areas (IPAs).** - The investment Priority Areas identified herein are aligned to various plans such as the Investment Promotion Plan, Comprehensive Land Use Plan (CLUP) and Comprehensive Development Plan (CDP) of Digos City. Priority areas for investments are as follows:

**a. Agriculture and Agri-business**, such as but not limited to:

1. Processing of agricultural products such as fruits, vegetables, root crops, herbal plants, poultry and livestock;
2. Production of inorganic and organic fertilizers and pesticides;
3. Production of organically grown agricultural products such as rice, fruits, vegetables, poultry and livestock among others;
4. Support services for agri-processing such as irrigation system, post-harvest equipment, cold storage and blast freezing facilities, abattoir, and food terminal;

**b. Aquaculture and Marine**, such as but not limited to:

1. Fish Pen and Pond Operation;
2. Deep Sea Fishing;
3. Processing of fishery and marine products;

Capitalization for aquaculture and marine based industries shall be at least fifty million pesos (P 50,000,000.00).

**c. Export-oriented Industries**- Processing or manufacturing industries utilizing locally sourced materials or with at least fifty percent (50%) local material content and at least sixty-five percent (65%) of total production capacity is intended for export material;

**d. Medium Manufacturing Industries** – such as but not limited to coconut oil mill, plywood, brewery, electronics, semi-conductor machinery and equipment fabrication, iron and steel fabrication and plastic products;

**e. Heavy Manufacturing Industries** – Processing or manufacturing industries utilizing locally sourced materials or with at least 50% local material content and with 65% of total production capacity is intended for export market;

**f. Ship Building and Repair** – Including its ancillary industries

**g. Tourism and Recreational Facilities**, such as but not limited to:

1. Hotels, inns and other accommodation facilities;
2. Resorts, parks, and eco-tourism facilities;
3. Conventions and exhibition facilities;
4. Sports facilities, recreational and convention centers;
5. Retirement Villages and other related development; and
6. Tourist transport fleet whether for air, land, sea.

Provided that such facilities have been granted a Certificate of Accreditation by the Department of Tourism and Philippine Retirement Authority for retirement facilities.

**h. Packaging Industries**, such as not limited to glass plants, metal closure plants, plastic and corrugated box plants, moulding plants, and toll packing facilities.

**i. Property and Real Estate Development**, such as not limited to:

1. Low-cost residential property development including mass housing projects of at least 200 housing units;
2. Commercial property development such as establishment of shopping malls/centers with capitalization of at least Two Hundred Million Pesos (P 200,000,000.00) excluding the cost of land;
3. Development and operation of memorial parks, private cemeteries and columbaria;
4. Port and port facilities development; and

5. Industrial development to include Special Economic Zones, Technology Parks and Industrial Estate Development

Provided that projects are granted Certificate of Registration issued by the Housing and Land Use Regulatory Board (HLURB), Philippine Ports Authority for port projects and Philippine Economic Zone Authority (PEZA) for special economic zones.

**j. Information and Communication Technology**, such as but not limited to:

1. Business Process Outsourcing (BPOs) and call center operation;
2. Computer -aided engineering and design;
3. Animation, robotics and other creative industries;

**k. Health, Wellness and Educational Services / Facilities**; such as but not limited to:

1. Hospitals, rehabilitation centers and other medical and healthcare facilities with Level 3 Classification granted by the Department of Health;
2. Manufacture and production of pharmaceuticals, medicines, and medical devices;
3. Health and Wellness Facilities;
4. Primary, secondary, tertiary schools, colleges, universities and vocational-technical schools;

**l. Environment Waste Management**, such as but not limited to waste material recovery and recycling facilities, toxic and hazardous waste management facilities and waste water treatment facilities;

**m. Agro-Forestry Production Plantation and Industrial Tree Plantation Development** covering an area of at least fifty (50) hectares to include but not limited to rubber, cacao, coffee, mango, bamboo and plantation of timber and non-timber species to supply the raw material requirements of forest-based industries;

**n. Power Generation** projects using renewable energy sources such as but not limited to hydro, solar, wind and tidal as well as manufacturers, fabricators and suppliers of locally-produced renewable energy (RE) equipment and components;

**o. Research and Development Projects**- such as but not limited to Research Centers and Testing Laboratories; and

**p. Public Utilities** to be put up either through the Public-Private Partnership (PPP) or solely owned by the private sector such as but not limited to potable water system, telecommunications, roads and railway systems.

**q. Cottage ang Light Manufacturing industries** such as but not limited to manufacture and assembly of furniture, gifts, decors and house wares, garments, re-engineered bamboo, etc;

**r. Logistic and Support facilities** such as but not limited to port development, fuel depot, food terminal, container yard, warehouse, ice plant, cold storage, and abattoir;

**s. Transport Services** such as but not limited to the operation of taxi, bus, trucking services, and shipping services;

**t. Fast Food and Restaurant** to include those under franchise agreements with food chain operation;

- u. All other industries and activities listed under the Investment Priorities Plan implemented by the Board of Investments (BOI).

**SECTION 15. Addition and Deletion of Investment Priority Areas.** - The periodic review of identified Investment Priority Areas (IPAs) shall be conducted for purposes of amending the IPAs when necessary. Proposed amendment shall be subject for approval of the Sangguniang Panlungsod.

Addition and deletion of IPAs are subject on the following considerations:

- a. Density of industries already present in the area of jurisdiction;
- b. Alignment of IPAs to Digos City's plans such as that of the Comprehensive Land Use Plan and Comprehensive Development Plans, and;
- c. Adverse effect of expansion or continued extension of incentives to the public or the Digos City's interests.

In no case however, shall any amendment of the IPAs impair the incentives already granted on a registered enterprise. The Board shall not accept applications in an area of investment prior to the approval of inclusion of the project as an IPA. Likewise, no application relative to the deleted IPA shall be accepted after the approval of the said amendment by the Board.

## **CHAPTER VI- REGISTRATION OF ENTERPRISES**

**SECTION 16. Qualification of New Project.** – This Code shall apply to any person, partnership, corporation, association, and cooperative, provided that they meet the following qualifications:

- a. Must be qualified to do business in the Philippines and must have complied with all the requirements mandated under the existing local and national law as to prove its legal existence as a business entity through the presentation of the Certificate of Registration issued by either the Securities and Exchange Commission (SEC), the Department of Trade of Industry (DTI), Cooperative Development Authority (CDA), and other national government accrediting agencies, as the case maybe;
- b. The plant location, place of operation or production site shall be within the territorial jurisdiction of Digos City;
- c. Must engage in business activities stated in the IPAs as prescribed in this Code;
- d. That at least sixty percent (60%) of the semi-skilled and unskilled workers to be hired must be a bonafide residents of the City of Digos and the project/enterprise will provide equal opportunities for men, women, indigenous peoples, and differently-abled persons;
- e. Must have a minimum capitalization of three million pesos (3,000,000.00) and must employ at least ten (10) persons;
- f. Other qualifications that may be determined by the Board.

**SECTION 17. QUALIFICATION OF PIONEERING PROJECT.** For projects which are certified as pioneering within the Davao Region, it shall be accorded as New Projects hence shall satisfy all the qualifications set in Section 16.

**SECTION 18. Qualifications of Existing, Expanding and Diversifying Projects. –**

Any existing and expanding projects may benefit from the incentives provided, that the enterprise meets all the qualifications stipulated in Section 16, including the following qualifications:

- a. The enterprise has no outstanding tax liabilities to the City of Digos;
- b. Must engage in business activities stated in the IPA as prescribed in this Code;
- c. Expansion shall undertake any of the following activities such as the construction of new buildings, installation of new machineries and equipment, or improvements thereof which will result to at least twenty-five percent (25%) increase in production of the same product for expanding enterprise, and production of another product line of the same enterprise for diversification;
- d. The expansion, modernization, or diversification project shall have an additional capitalization based on the following classifications:
  1. Small Scale - at least fifty percent (50%) of the existing capital
  2. Medium Scale – at least thirty percent (30%) of the existing capital
  3. Large Scale – at least twenty-five (25%) of the existing capital

**SECTION 19. Qualifications of Distressed Enterprise. -**

The Board may approve incentives for Distressed Enterprises provided that they are experiencing the following conditions as verified in various documents.

- a. At least fifty percent (50%) of its facilities or equipment were damaged due to natural calamities or force majeure and fire as duly certified by appropriate government entity;
- b. The damage to its facilities and equipment prevents the affected enterprise from attaining its normal operation, production capacity and causing displacement or workers;
- c. That the project falls under any of the activities mentioned in the IPAs;
- d. The enterprise has no outstanding tax liabilities with the City of Digos;
- e. Other qualifications and requirements that may be determined by the Board.

**SECTION 20. General Application and Documentary Requirements.**

The following documentary requirements must be submitted to the DCIPO upon filling of the application for registration and incentives availment before the start of the commercial operation:

- a. Three (3) copies of completed Application Form to be obtained from the DCIPO;
- b. Duly approved copy of the Pre-investment Study/Feasibility Study or its equivalent of the proposed investment;
- c. Duly approved Articles of Incorporation/Partnership/Cooperation and By-laws for corporation, partnership, or cooperative applicant;
- d. Certified Copy of Certificate of Registration from the Department of Trade and Industry (DTI), Securities and Exchange Commission (SEC) or Cooperative Development Authority (CDA);

- e. Board Resolution authorizing the filing of the application for corporation, partnership, or cooperative applicant;
- f. Copy of the Environmental Compliance Certificate (ECC) or Certificate of Non-Coverage (CNC), whichever is applicable, duly issued by the Department of Environment and Natural Resources;
- g. Three-year Annual Production and Sales Performance Report for expansion and diversification projects (for existing and expanding enterprise only);
- h. Annual tax Due to the Treasurer of the City of Digos for the last three (3) years (for existing and expanding enterprise only);
- i. Financial and Physical Assessment Report of the damages that caused the company to be in distressed status (for existing and expanding enterprise only), and;
- j. Other documentary requirements that may be determined by the Board.

Applications filed after the start of commercial operation shall be automatically rejected.

**SECTION 21. Registration Procedures and Approved.** – Application shall be filed to the DCIPO and recorded in the Registration Book. The official date of acceptance shall be the date appearing in the stamped application form. Various steps and procedures in filing and approval of application for incentives availment shall be as follows:

- a. All application for availment of incentives shall be filed with the DCIPO;
- b. Application received by the DCIPO shall be duly recorded in a registration book where the date of acceptance shall be stamped and signed. The stamped date appearing in the application shall be the official date of acceptance and the DCIPO may refuse or defer acceptance until submission or satisfactory compliance with all the complete requirements as prescribed under this Code;
- c. Applications for incentives shall be acted upon by the DCIPO within three (3) days from the date of official acceptance and within twenty (20) days by the Board from its receipt thereof. If and when the application is not acted upon within reglementary period, the application shall be deemed approved;
- d. Applicant submits duly filled-up application form together with all the documentary requirements as required in this Code;
- e. Applicant pays one-time non-refundable Registration Fee to the Office of the City Treasurer based on the capitalization herein specified. The Official receipt issued by the Digos City Treasure's Office must be attached to the application documents upon submission:

Above P 3 million to 15 million	Small	<b>P 5,000.00</b>
Above P 15 million to P 100 million	Medium	<b>P 10,000.00</b>
Above P 100 million	Large	<b>P 20,000.00</b>

- f. The Technical Secretariat shall process, review and evaluate the application. This shall then be forwarded for recommendation to the Board for approval/disapproval. The

following criteria will be considered in the evaluation of application for registration and incentives availment:

1. Impact of the project on the local economy;
2. Overall viability of the project;
3. The extent of employment generation, and;
4. The extent to which technological advances are applied and adopted to local conditions

- g. The DCIPO shall inform applicants of any deficiencies observed in the submitted documents to allow the application to take necessary actions. Only complete applications shall be endorsed to the Board.
- h. If and when the application is not acted upon within the period of fifteen (15) days from the date of official acceptance, the application is deemed approved.
- i. The Board shall meet and decide on the application considering the recommendation of the DCIPO;
- j. For approved application, a Certificate of Registration duly signed by the Chairperson of the Board shall be given to the enterprise;
- k. The DCIPO shall provide all concerned agencies and entities the list of all companies/entities whose applications for registration were approved by the approved by the Board, and;
- l. For disapproved application, the Board through DNIPC shall advise client of the decision accordingly stating therein the reasons for the disapproval of application. Any applicant who wants to re-apply may do so provided that they will comply with the deficiencies; and
- m. A Letter of Regret will be sent to entities which applications are denied. Any applicant that want to re-apply may do so provided, that they will comply with the deficiency stated in the letter.

**SECTION 22. Certificate of Registration.** – Upon approval by the Board, a Certificate of Registration duly signed by the Chairperson shall be issued to the registered enterprise stating therein the incentives and privileges granted under the provisions of this ordinance. It shall state among others, the following:

- a. Name and Address 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 the virtue of its registration.

## **CHAPTER VII- INCENTIVES GRANTED TO REGISTERED ENTERPRISES**

**SECTION 23. Fiscal Incentives Granted to Registered Enterprises.** – In addition to the incentives provided for by the national laws and by the Republic Act No. 7160 otherwise known as “The Local Government Code of 1991”, a registered enterprise under this Code can avail the following fiscal incentives:

- a. **Exemption from Local Business Taxes** – Exemption from Business Taxes pursuant to Section 133 (g) of the Local Government Code. Period for the granting of exemption is from the start of commercial operation to a maximum of three (3) years depending on the type and capitalization of registered enterprises.

- b. **Exemption from Basic Real Property Taxes-** Exemption of fifty percent (50 %) of the Digos City Government share from Basic Real Property Taxes on land, buildings, and machineries and equipment therein, excluding the share of barangays and that portion due to Special Education Fund. Period for the granting of exemption is from the start of commercial operation to three (3) years depending of the type and capitalization of registered enterprises.
- c. **Exemption from Local Fees and Charges-** Exemption from Mayor's Permit and Licensing fees and charges for the first year of operation only. The exemption shall not extend to fees and charges imposed for services rendered by the Digos City such as garbage fees, sanitary inspection fees, electrical inspection fees and similar others, as well as rental for use of public utilities owned and operated by Digos City.

**SECTION 24. Incentives Granted to New Projects.** — Under this Code, all new projects registered shall be granted the following incentives from the start of its commercial operation based on the manner herein prescribed:

- a. Exemption from Mayor's Permit and Licensing fees and charges for the first year of operation, except for Regulatory fees;
- b. Exemption from Local Business Tax from the start of commercial operation based on the manner herein prescribed:

Period of Availment	Scale of Enterprise		
	Small	Medium	Large
First Year	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>
Second Year	<b>75 %</b>	<b>75 %</b>	<b>75 %</b>
Third Year	<b>50 %</b>	<b>50 %</b>	<b>50 %</b>

- c. Additional with the five percent (5%) incentives on Local Business Tax if main office and principal headquarters is established within Digos City;
- d. Exemption of fifty percent (50%) of the Digos City Government share from Basic Real Property Taxes on land, buildings, and machineries, excluding the share of barangays and that portion due to Special Education Fund (SEF) based on the manner herein under prescribed:

Period of Availment	Scale of Enterprise		
	Small	Medium	Large
First Year	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>
Second Year	<b>75 %</b>	<b>75 %</b>	<b>75 %</b>
Third Year	<b>50 %</b>	<b>50 %</b>	<b>50 %</b>

**SECTION 25. INCENTIVES GRANTED TO NEW AND PIONEERING PROJECT.**

Under this Code, all pioneering projects registered shall be granted the additional incentives from the start of commercial operation based on the manner herein prescribed:

- a. Additional One (1) Year Exemption for Small and Medium Enterprise and an increase in percentage of availment for Large Scale Enterprise from the provincial share of the taxes of land, buildings, equipment and other improvements therein based on the manner herein prescribed.
- b.

Period of Availment	Scale of Enterprise		
	Small	Medium	Large

First Year	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>
Second Year	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>
Third Year	<b>0 %</b>	<b>50%</b>	<b>75%</b>

c. Additional One (1) Year Exemption from Franchise Tax regardless of classification and capitalization.

**SECTION 26. Incentives Granted to Existing, Expanding and Diversifying Enterprises.** — Exemption from Local Business Tax within the Three (3) years of commercial operation of the expansion or diversification project. Provided, however, that the incentives shall cover only the incremental increase of production or project diversification portion based on the manner herein prescribed:

Period of Availment	Scale of Enterprise		
	Small	Medium	Large
First Year	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>
Second Year	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>
Third Year	<b>0 %</b>	<b>50%</b>	<b>75%</b>

**SECTION 27. Incentives Granted to Distressed Enterprises.** — Distressed enterprises registered under this Code shall be granted exemption from Local Business Tax from the start of commercial operation after rehabilitation up to second year;

Period of Availment	Scale of Enterprise		
	Small	Medium	Large
First Year	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>
Second Year	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>
Third Year	<b>0 %</b>	<b>50%</b>	<b>75%</b>

**SECTION 28. One-Time Availment and Non- Transferability of Exemption.** — For the purpose of incentives availment stipulated in this Code, an enterprise may avail of exemption only once. The same privilege is non-transferrable by reasons of mergers, acquisition and joint venture, among others.

**SECTION 29. Non-Fiscal Incentives.** — The following non-fiscal incentives are herein provided to assist registered enterprise in successfully accomplishing its activities prior to, during, and after the registration by providing the following services through the Office:

- a. One-stop information and investment assistance;
- b. Assistance in site identification;
- c. Assistance in compliance to regulatory requirements;
- d. Assistance in the availment of local incentives;
- e. Assistance in raw material supply sourcing and procurement;
- f. Assistance in manpower development and pooling;
- g. Facilitation on off-site infrastructure development;
- h. Support to labor dispute management;
- i. Assurance of peace and order;
- j. Inclusion in trade and investment collaterals;
- k. Business and market facilitation;
- l. Other services that may be authorized by the Board.

**SECTION 30. Appropriate Incentives and Support Measures.** – The Board shall identify and recommend for approval of the Sangguniang Panlungsod, appropriate incentives and support measures that will be extended to investors.

**SECTION 31. Effectivity of Appropriate Incentives and Support Measures.** – The Board shall review the package of appropriate incentives and support measures every five (5) years and recommend to the Sangguniang Panlungsod the exclusion of an area from the list when investments intended for the area have already been attained.

## **CHAPTER VIII- RIGHTS AND PRIVILIGES**

**SECTION 32. Rights and Privileges Guaranteed by the City of Digos.** – All investors and enterprises are entitled to the rights and privileges provided for by the Constitution and other laws. In addition to such rights and guarantees, the City of Digos through the Digos City Investment Promotion Board hereby grants the following rights and privileges of registered enterprises:

- a. Provide concise and comprehensive information to prospective investors in the economic priority areas of the City of Digos as prescribed in its local Comprehensive Development Plan including target investment areas and the ground conditions applicable to incoming direct private investments;
- b. Communicate investment evaluation criteria and procedures to enhance transparency in the process of granting government incentives;
- c. Take the fullest possible account of the need of the investors for stability, growth and profit in their operations in formulation or modification of policies and ordinances that affect investments;
- d. Not interfere or modify arrangements with investors after the details of the implementation of investment project has been accepted and approved and the ownership and management structure of the enterprise has been established unless the law provides otherwise;
- e. Avoid undue distortion or competition between and among the enterprises operating within the area of jurisdiction, whether domestic or foreign, through the granting of special exemptions or incentives aimed at encouraging investments in the identified investment areas;
- f. Allow the registered enterprise to employ personnel or worker who have the necessary skills from outside the City of Digos where no local personnel or worker is available for the operation of the business or for technology transfer; and
- g. Resolve all doubts concerning the benefits and incentives granted under this Code which is enacted for the purpose of encouraging investments, in favor of the investor.

## **CHAPTER IX – DUTIES AND RESPONSIBILITIES OF REGISTERED ENTERPRISES**

**SECTION 33. Duties and Responsibilities of Registered Enterprises.** – All enterprises registered under this Code shall abide the following duties and responsibilities:

- a. **Manpower Requirement** – During the operation of any industry, business, establishment/enterprise, sixty percent (60%) of its semi-skilled and unskilled labor component to include those hired under service contracts such as but not limited to construction workers, janitorial, landscaping and other allied services must be

employed from the pool of qualified bonafide workforce of the City of Digos. The hiring of highly skilled and skilled workers shall be left to the management's hiring standards, provided however, that should there be qualified bonafide resident applicants to the position, the same shall be given top priority. The company must *also observe the standard wage/ salary set by the Department of Labor and Employment (DOLE)*.

- b. Corporate Social Responsibility.** – Undertake at least one (1) community-based Corporate Social Responsibility (CSR) project per year such as but not limited to the following:
  - 1. MSME and Livelihood Development Projects;
  - 2. Apprenticeship and Skills Development Program;
  - 3. Environmental Protection Projects;
  - 4. Health and Education Program, and;
  - 5. Social, Infrastructure and Basic Services.
- c. Gender and Development** – That there shall be no discrimination on the hiring and promotion of workers on account of gender, age, ethnicity, creed, religion, civil status and physical condition. Equal access to the programs, projects and facilities of the company shall also be provided for the workers;
- d. Child-friendly Environment** – Ensure that no workers below eighteen (18) years old hired;
- e. Support to Differently -abled Persons.** – That there shall be no discrimination on the hiring of workers that are differently-abled. The enterprise shall also ensure the compliance of Republic Act No. 7277 otherwise known as "*Magna Carta for Disabled Persons*";
- f. Clean, Green and Safety Environment.** – That the business establishment shall maintain and secure a clean, green and safe environment for promotion and observance to energy conservation, waste reduction, and healthier and safe working environment through various programs such as but not limited to Waste Management Program, Green Economic Development and Occupational Safety and Health Standards.

**SECTION 34. Reportorial Requirements.** – Registered Enterprises shall submit to the Board through the Digos City Investment Promotion Office, the following reports and/or documents within the time herein prescribed

- a. Change of Directors within thirty (30) calendar days from the date of change;
- b. Amendments of Articles of Incorporation or By-laws, or Articles of Partnership, or Articles of Cooperation, within thirty (30) days from the date of change;
- c. Quarterly Employment or Manpower Profile indicating therein the employment of bonafide residents of the City of Digos including regular, contractual, casual, and those hired under service contracts within thirty (30) calendar days after the end of each quarter;
- d. Report on the name of foreign officers or employees with their corresponding positions and certified proof of registration from the Bureau of Immigration and Deportation (BID) and from the Department of Labor and Employment (DOLE) with thirty (30) calendar days from date of registration or from the appointment of such foreign officers/employees;
- e. List of Contractors, if any, within thirty (30) days after end of each quarter;

- f. Quarterly Production Report to include gross sales or receipts and the products and services produced and provided to its customers within thirty (30) days after the end of each quarter;
- g. Audited Annual Financial Statements certified by external auditor and duly received by the Bureau of Internal Revenue within sixty (60) days after its submission to the Bureau of Internal Revenue; and
- h. Other relevant documents that may be required by the Board.

## **CHAPTER X- SANCTIONS**

**SECTION 35. Grounds for Withdrawal of Incentives** – Any Registered Enterprise qualified under this Code shall be imposed to sanctions on the following grounds listed herein which shall be the basis for withdrawal of incentives, rights and privileges granted under this Code:

- a. Non-compliance with reportorial requirements as stipulated in this Code;
- b. Failure to comply with provisions on the duties and responsibilities of the registered enterprise as mandated under Section 33, Chapter 9 of this Code;
- c. Preventing the exercise of visiting power as mandated under Section 10, Chapter III of this Code;
- d. Willful violation of the terms and conditions set forth the *Environmental Compliance Certificate (ECC)*;
- e. Knowingly and willfully understanding the capitalization of the enterprise/ establishment and falsification of information in the application forms, documents and reports submitted;
- f. Failure to commence actual project development within a given period upon approval of registration, and;
- g. Violation of any law, rule or ordinance.

**SECTION 36. Appeal of the Decision.** – The applicant or business enterprise adversely affected by any decision of the Board or the impositions of sanction in accordance with this Code may file an appeal with the Board within fifteen (15) days from receipt of then decision, otherwise the decision shall become final and executory.

**SECTION 37. Rules of Interpretation.** – Any conflict or controversy arising under the Code shall be resolved or interpreted on the basis of applicable legal provisions or jurisprudence. In the absence thereof, the customs and traditions, in so far as they are applicable to the conflict or controversy, may be restored to.

## **CHAPTER XI- APPROPRIATIONS**

**SECTION 38. Appropriations.** – An initial funding to defray the expenses necessary and incidental to the implementation of the provisions of this Code and of the Digos City Investment Promotion Board shall be sourced from the General Fund of the Digos City Government. Thereafter, the Digos City Government shall appropriate annually, based on the budget presented by the Board subject to the usual government accounting and auditing rules and regulations.

**SECTION 39. Honorarium.** – A reasonable amount shall be granted as honorarium to the members of the Digos City Investment Promotion Board who are representatives of the

private sector only, subject to the usual government accounting and auditing rules and regulations.

## CHAPTER XII- FINAL PROVISIONS

**SECTION 40. Penal Provision.** – Any violation of the provisions of this Code shall be ground for the cancellation or revocation of the registration of the enterprise and the withdrawal of all incentives granted under this Code.

**SECTION 41. Separability Clause.** – It is hereby declared that the provisions of this Code are separable, and in the event that one or more of the provisions are judicially declared illegal or unconstitutional by a competent Court, the validity of the other provisions shall not be affected, and shall continue to be in force and effect.

**SECTION 42. Repealing Clause.** – All ordinances, executive orders, rules, and regulations inconsistent with or in conflict with the provisions of this Code are hereby repealed, amended, or modified accordingly.

**SECTION 43. Implementing Guidelines.** – Within three (3) months from the date of effectivity of this Code, the Board shall formulate the appropriate Implementing Rules and Regulations (IRR) pursuant of this Code;

**SECTION 44. Effectivity.** – This Code shall take effect after the required publication and posting pursuant to Section 59 of RA 7160.

**CARRIED UNANIMOUSLY.**

Certified true and correct:

**ELVIE R. BARRIL, MPA**  
Secretary-Designate  
Administrative Officer V

Attested:

**ATTY. JOHARI G. BAÑA**  
City Vice-Mayor/ Presiding Officer

Approved:

**JOSEF F. CAGAS, RN, JD**  
City Mayor  
Date: