

[EXECUTIVE ORDER NO. 85, July 19, 2019]

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

WHEREAS, Executive Order (EO) No. 57 (s. 2018) provided for zero percent duty on certain articles imported by Board of Investments (BOI)-registered new and expanding enterprises for a period of one (1) year from the date of its effectivity or until the enactment of a law amending EO No. 226 (s. 1987), otherwise known as "The Omnibus Investments Code of 1987," as amended, whichever comes earlier;

WHEREAS, EO No. 57 is effective only until 06 July 2019 and a law amending E.O. No. 226 remains to be enacted;

WHEREAS, considering that importation of capital equipment remains as one of the major cost burdens of business enterprises in their start-up and expansion, there is a need to again extend the grant of zero percent duty on capital equipment, spare parts and accessories, currently being enjoyed by BOI-registered enterprises;

WHEREAS, the extension of the zero percent duty importation will enhance the attractiveness of the country as an investment destination and improve industry competitiveness, in line with the Philippine Development Plan 2017-2022;

WHEREAS, the grant of duty-free importation of capital equipment remains to be an important fiscal incentive in promoting investments into the Philippines considering the global competition for foreign direct investments;

WHEREAS, Section 1608 of Republic Act No. 10863, otherwise known as the "Customs Modernization and Tariff Act" (CMTA), empowers the President of the Philippines, upon the recommendation of the National Economic and Development Authority (NEDA), to increase, reduce or remove existing rates of import duty; and

WHEREAS, the NEDA Board on 10 June 2019, endorsed the extension of the zero percent duty on capital equipment, spare parts and accessories imported by BOI-registered new and expanding enterprises;

NOW, THEREFORE, I, RODRIGO ROA DUTERTE, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order;

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

SECTION 2. Coverage. The zero percent duty shall be applied to importations by BOI-registered new and expanding enterprises of capital equipment, spare parts and accessories classified under Chapters 40, 59, 68, 69, 70, 73, 76, 82, 83, 84, 85, 86,