

**[ EXECUTIVE ORDER NO. 528, May 12, 2006 ]**

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

WHEREAS, Executive Order No. 313, dated 15 May 2004, entitled "Modifying the Rates of Duty on Capital Equipment, Spare Parts and Accessories Imported by the Board of Investments (BOI) Registered New and Expanding Enterprises" provide for zero percent duty and one percent duty on certain articles imported by BOI registered new and expanding export and domestic enterprises, respectively;

WHEREAS, EO 313 is effective for a period of two (2) years from its effectivity or until 6 June 2006;

WHEREAS, the Government is committed to continually encourage investments in preferred areas of activities;

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

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

WHEREAS, allowing duty free importation will make the Philippines more competitive in attracting industries in the face of an increasing competitive Asian market for foreign direct investments;

WHEREAS, Section 401 of the Tariff and Customs Code of the Philippines empowers the President of the Republic of the Philippines, upon the recommendation of the National Economic and Development Authority to increase, reduce or remove existing protective rates of import duty.

NOW, THEREFORE, I GLORIA MACAPAGAL ARROYO, President of the Philippines, by virtue of the power vested in me, do hereby order:

SECTION 1 . Any importation of capital equipment, spare parts and accessories by enterprises registered with the Board of Investments (BOI) shall be subjected to zero (0%) duty, as indicated in Section 2 hereof.

SEC. 2. The zero percent (0%) duty on article or equipment classified under Chapters 40, 59, 68, 69, 70, 73, 76, 82, 83, 84, 85, 87, 89, 90, 91 and 96 of the Tariff and Customs Code of the Philippines, as amended, shall be granted to BOI registered new and expanding enterprises, upon the issuance by the BOI of a Certificate of Authority; provided that the importation of machinery, equipment, spare parts and accessories shall comply with the following conditions: