

[EXECUTIVE ORDER NO. 313, May 01, 2004]

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

WHEREAS, the Government is committed to encouraging investments in preferred areas of activity;

WHEREAS, enterprises located within economic zones and freeports are currently enjoying duty exemption on the importation of machinery and equipment, spare parts and accessories, which is not available to BOI-registered enterprises;

WHEREAS, one of the major cost items of business enterprises in their start up operations is the cost of imported machinery and equipment, spare parts and accessories;

WHEREAS, reducing the duties on the importation thereof will make the Philippines more attractive to investors 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 Philippines, on 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 by law, do hereby order:

SECTION 1. Any importation of machinery and equipment, spare parts and accessories by enterprises registered with the BOI, except those covered under the Motor Vehicle Development Program, shall be subjected to zero and one percent (1%) duty, as indicated in Section 2 hereof.

SECTION 2. The zero and one percent (1%) duty on article, equipment, spare parts and accessories 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 shall be granted to BOI-registered new and expanding export-and domestic-oriented enterprises, respectively, upon the issuance by the BOI of a Certificate of Authority; provided that the importation of machinery and equipment, spare parts and accessories shall comply with the following conditions: