



Philippine Economic Zone Authority

MEMORANDUM CIRCULAR: 2019-034

TO : ALL PEZA-REGISTERED ENTERPRISES AND DEVELOPERS/
OPERATORS ENTITLED TO PEZA INCENTIVES

ALL ZONE ADMINISTRATORS / ZONE MANAGERS /
OFFICERS-IN-CHARGE

FROM : BGen CHARITO B. PLAZA, MNSA, PhD
Director General

DATE : 17 September 2019

SUBJECT : NEDA ONLINE SURVEY FOR THE CONDUCT OF COST-
BENEFIT ANALYSIS AS PROVIDED IN REPUBLIC ACT NO.
10708 OTHERWISE KNOWN AS THE TAX INCENTIVES
MANAGEMENT AND TRANSPARENCY ACT (TIMTA)

Sec. 6 of Republic Act No. 10708 or the Tax Incentives Management Transparency Act (TIMTA) provides that:

"The National Economic and Development Authority (NEDA) is mandated to conduct cost-benefit analysis on the investment incentives to determine the impact of tax incentives on the Philippine economy.

For this purpose, all heads of the IPAs shall submit to the NEDA the aggregate tax incentives, based on the submissions of registered business entities as provided in Section 4 of this Act, and aggregate investment-related data, both on a sectoral or per industry basis, which may include, but not limited to, investment projects, investment cost, actual employment and export earnings."

NEDA completed its first report on the Cost Benefit Analysis of tax incentives of Registered Business Entities (RBEs) under the various Investment Promotion Agencies, including PEZA, based on the TIMTA-prescribed reports submitted by IPAs for the year 2015. In its report NEDA stated that the "depth and breadth of the analysis have been constrained by various problems" including difficulty in collecting appropriate data on investment, as there is no official operational definition of investment. As further reported by NEDA, some IPAs do not have supervisory capacity nor an auditing facility to countercheck the submissions of each RBE, which could put into question the integrity of the figures being compiled.

Thus, NEDA decided to improve its framework and tool for undertaking the CBA of tax incentives for the years 2016-2018. Specifically, NEDA's study will focus on the impact of tax incentives on economic growth, macro-economic effects, poverty and inequality.

To undertake its task of assessing the cost and benefit of tax incentives, NEDA together with its consultant, will conduct an Online Survey on Registered Business Enterprises (RBEs) enjoying fiscal incentives from all Investment Promotion Agencies covering data for the years 2016, 2017 and 2018.



For this purpose, all PEZA-registered enterprises granted fiscal incentives such as Income Tax Holiday (ITH), 5% Gross Income Tax, tax and duty-free importation and VAT-zero rating are required to participate in this online survey.

The link for the NEDA Online Survey shall be e-mailed to the e-mail address of the PEZA enterprise's Compliance Officer indicated in the Ecozone Monthly Performance Report (EZMPR) submitted to PEZA. The compliance officer should immediately inform PEZA through e-mail if another officer would be responsible for accomplishing the Survey so that the link to the NEDA Online Survey will be e-mailed to the said responsible officer. The Compliance Officer should include in his/her e-mail to PEZA, the complete name, position and e-mail address of the said responsible officer.

The online survey should be accomplished and submitted to PEZA online on or before **15 October 2019**.

Instructions on how to accomplish the online survey and the contact details should there be any need for clarification on the survey questions are included in the link to be e-mailed to the Compliance Officer. Some of the data required in the Online Survey are those that the Registered Business Entities have previously submitted in accordance with the TMTA report formats marked as Annex A.1, A.2 and "Other Benefits" of the TIMTA Reports in the DOF-DTI Joint Memorandum Order No.1-2016, "Rules and Regulations to Implement Republic Act No. 10708

Please be advised that the data you will provide in the survey shall directly go to PEZA and not NEDA. PEZA will give the aggregated data per sector to NEDA.

We wish to remind all concerned of the penalties for non-compliance with the requirements of RA 10708, the TIMTA Law, specifically Section 7 of the said Law:

"Penalties for Non-compliance with Filing and Reportorial Requirements. –

Any registered business entity which fails to comply with filing and reportorial requirements with the appropriate IPAs and/or which fails to show proof of filing of tax returns using the electronic system for filing and payment taxes of the BIR shall be imposed the following penalties:

- (a) First (1st) violation – payment of a fine amounting to one hundred thousand pesos (P100,000.00);
- (b) Second (2nd) violation – payment of a fine amounting to five hundred thousand pesos (P500,000.00); and
- (c) Third (3rd) violation – cancellation of the registration of the registered business entity"

For any questions on the above, please e-mail the Enterprise Services Division at esd@peza.gov.ph or call telephone no. 5513451 local nos. 423, 424 or 428.

Thank you very much for your cooperation.

hoa/cvc

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