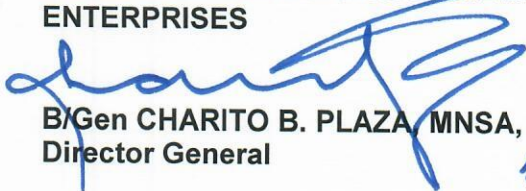




PHILIPPINE ECONOMIC ZONE AUTHORITY

MEMORANDUM CIRCULAR No. 2022-002

TO : ALL PEZA-REGISTERED SERVICE ENTERPRISES (TRUCKERS, BROKERS, FREIGHT FORWARDERS AND SECURITY AGENCY), ZONE ADMINISTRATORS/ ZONE MANAGERS/ PEZA-REGISTERED ENTERPRISES

FROM :  B/Gen CHARITO B. PLAZA, MNSA, PhD
Director General

DATE : 29 December 2021

SUBJECT : (A) CONVERSION OF THE REGISTRATION OF SERVICE ENTERPRISES TO ACCREDITATION
(B) IMPLEMENTATION OF STREAMLINED DOCUMENTARY REQUIREMENTS AND PROCESS AND ISSUANCE OF LETTER OF AUTHORITY (LOA) VALID FOR THREE (3) YEARS

In line with the continuing efforts of PEZA to streamline its process and promote the ease of doing business inside the economic zones, please be advised that PEZA will implement the ensuing guidelines in the accreditation and renewal of accreditation of service enterprises specifically, **truckers, customs brokers, freight forwarders and security services.**

(A) Cancellation of the Registration Agreement of Service Enterprises and their Subsequent Conversion to a LOA.

EPZA General Circular No 81-002 dated 30 September 1981 required service enterprises, *i.e.*, truckers, brokers, freight forwarders and security providers, to register with the Authority to authorize them to render their services to EPZA-registered companies inside the economic zones.

In 1998, PEZA (EPZA's successor) converted some registration of service enterprises to accreditation by the issuance of annual LOA. However, security providers were still required to register and sign their Registration Agreements with PEZA.

Section 35 of RA 7916 or "*The Special Economic Zone Act of 1995 (PEZA Law)*" provides that "*Business enterprises within a designated ECOZONE shall register with PEZA to avail of all incentive and benefits provided for in this Act.*" Service enterprises are **not** entitled to incentives and therefore, need not register with PEZA.

In order to distinguish registered business enterprises (RBEs) which are entitled to incentives under R. A. No. 7916 and/or R. A. No. 11534 or the "*Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*" from service enterprises providing support and ancillary services to these RBES inside the economic zones, there is a need to review existing policies and harmonize PEZA's current accreditation process. This is order to achieve uniformity of the approval to service enterprises in keeping with the ease of doing business policy mandated by the national government.

In view of the foregoing, all Registration Agreements of PEZA-registered service enterprises, *i.e.*, **truckers, brokers, forwarders and security agencies** are hereby **CANCELLED** effective immediately. The cancellation of a service enterprise's Registration Agreement **shall not** result in the termination of any rights arising from the agreements or suspension of their operations. These rights shall be carried over to the subsequent LOA to be issued by PEZA to all service enterprises.

(B) Issuance of 3-Year Letter of Authority (LOA)

Immediately beginning the release of this circular, applications for accreditation and renewal of Letters of Authority (LOA) of truckers, individual brokers, freight forwarders and security agencies to conduct business inside the ecozones and to render services to PEZA-registered Ecozone Enterprises shall be under a LOA which shall be valid for three (3) years.

1. **All service enterprises** applying for accreditation or renewal shall submit to the Office of the PEZA Director General a letter request together with **complete supporting documents** (list of requirements downloadable from the PEZA website: www.peza.gov.ph)
2. The validity of the three (3)-year LOA of qualified service enterprises shall be reckoned from the date of payment of **first year annual Franchise Fee of Php6,000.00, and additional Php3,600.00 Application Fee for new applicant.**
3. **The 3-year LOA is subject to yearly updating of accreditation by submission of VALID permits and licenses from other regulatory government agencies and payment of franchise fee for the applicable period, fifteen (15) days before the end of the 2nd and 3rd year and must be compliant to other conditions which will be specified in the LOA.**
4. Accredited service enterprises shall be included in the roster eligible to operate in the ecozones to provide services to PEZA-registered enterprises and uploaded in the Service Enterprise Database System (SEDS).
5. Service enterprises which fail to submit valid permits and licenses and payment of annual franchise fee shall be removed from the SEDS and shall be prohibited to operate in the ecozones and transact with PEZA-registered enterprise-clients;
6. Prior to the service enterprises' first transaction with any PEZA-office/unit upon issuance of the LOA, the service enterprise shall submit a certified true copy of the LOA and Official Receipt of franchise fee, certified by the PEZA - Office of the DDG – Operations / Service Registration Unit to (a) the Zone Administrator / Zone Manager of the PEZA Economic Zone where SE's PEZA-enterprise clients are located; and (b) the Officer-in-Charge in the Joint PEZA Customs Office (JPCOs).
7. The authority shall automatically be suspended, in case of violation of any of the terms and conditions in the Authority or if any of SE's personnel are involved in any irregular/illegal activity, without prejudice to any further administrative sanctions which PEZA may take, in which case, the liability of any of SE's personnel shall extend to the company/principal.
8. Renewal of the 3-Year LOA shall be filed fifteen (15) days before the expiration of the LOA on its third year.

For your information and guidance.


NBT/RVSS/cvc/jrd