



MALACANAN PALACE  
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 22

**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 (E.O.) No. 70 (s. 2012) provided for zero percent duty on certain articles imported by Board of Investments (BOI) - registered new and expanding enterprises for a period of five (5) years from the date of its effectivity, or until the enactment of a law amending E.O. No. 226 (s. 1987) otherwise known as the Omnibus Investments Code of 1987, as amended, whichever comes earlier;

**WHEREAS**, E.O. No. 70 is effective only until 09 May 2017, even as a law amending E.O. No. 226 remains to be enacted;

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

**WHEREAS**, the extension of the zero percent duty importation will further enhance industry competitiveness in line with the Philippine Development Plan (PDP) 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 28 April 2017 endorsed, ad referendum, 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 the Constitution and existing laws, 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.

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**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, 87, 89, 90, 91 and 96 of the CMTA, upon issuance by the BOI of a Certificate of Authority, provided that such imported capital equipment, spare parts and accessories comply with the following conditions:

- a. They are not manufactured domestically in sufficient quantity, of comparable quality and at reasonable prices; and
- b. They are reasonably needed and will be used exclusively by the enterprise in its registered activity.

**SECTION 3. Prohibition to Sell, Transfer, or Dispose.** The BOI-registered enterprise cannot sell, transfer or dispose of the aforementioned capital equipment, machinery, spare parts and accessories, without prior BOI approval, within five (5) years from the date of importation; otherwise, the BOI-registered enterprise will be solidarily liable to pay twice the amount of the duty foregone or five hundred thousand pesos (Php 500,000.00), whichever is higher, without prejudice to other applicable penalties under E.O. No. 226.

**SECTION 4. Implementing Rules and Regulations (IRR).** The BOI shall promulgate the IRR governing the implementation of this Order.

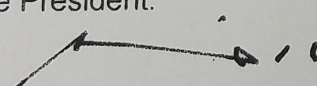
**SECTION 5. Repealing Clause.** All issuances, orders, rules and regulations, or parts thereof, which are inconsistent with this Order are hereby repealed, amended or modified accordingly.

**SECTION 6. Separability Clause.** If any provision of this Order is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

**SECTION 7. Effectivity Clause.** This Order shall take effect immediately after its complete publication in the Official Gazette or in a newspaper of general circulation in the Philippines and shall be valid for one (1) year or until a law amending E.O. No. 226 is amended, whichever comes earlier.

**DONE**, in the City of Manila, this 28<sup>th</sup> of **April**, in the year of our Lord, Two Thousand and Seventeen.

By the President:

  
**SALVADOR C. MEDIALDEA**  
Executive Secretary

