

Fiscal Incentives to PEZA-Registered Economic Zone Enterprises

Export Manufacturing Enterprise

- Income Tax Holiday (ITH) – 100% exemption from corporate income tax
 - 4 years ITH for Non-pioneer Project
 - 6 years ITH for Pioneer Project
- ITH Extension years may be granted if Project complies with the following criteria, (one criterion is equivalent to one ITH extension year), provided that the total ITH entitlement period shall not exceed eight (8) years:*
- *The average net foreign exchange earnings of the project for the first three (3) years of operations is at least US\$500,000.00 and,*
 - *The capital equipment to labor ratio of the project does not exceed US\$10,000.00 to 1 for the year immediately preceding the ITH extension year being applied for.*
 - *The average cost of indigenous raw materials used in the manufacture of the registered product is at least fifty per cent (50%) of the total cost of raw materials for the preceding years prior to the ITH extension year.*
- 3 years ITH for Expansion project (ITH applies to incremental sales)
- Upon expiry of the Income Tax Holiday - 5% Special Tax on Gross Income and exemption from all national and local taxes (“Gross Income” refers to gross sales or gross revenues derived from the registered activity , net of sales discounts, sales returns and allowances and minus cost of sales or direct costs but before any deduction is made for administrative expenses or incidental losses during a given taxable period)
- Tax and duty free importation of raw materials, capital equipment, machineries and spare parts.
- Exemption from wharfage dues and export tax, impost or fees
- VAT zero-rating of local purchases subject to compliance with BIR and PEZA requirements
- Exemption from payment of any and all local government imposts, fees, licenses or taxes. However, while under Income Tax Holiday, no exemption from real estate tax, but machineries installed and operated in the economic zone for manufacturing, processing or for industrial purposes shall be exempt from real estate taxes for the first three (3) years of operation of such machineries. Production equipment not attached to real estate shall be exempt from real property taxes
- Exemption from expanded withholding tax

Logistics Services Enterprise

- Exemption from duties and taxes on raw materials, semi-finished goods for re-sale to - or for packing/covering, cutting, altering for subsequent sale to PEZA-registered Export Manufacturing Enterprises, for direct export or for consignment to PEZA-registered export enterprise.
- VAT Zero Rating on raw materials for checking, packing, visual inspection, storage and shipping to be sourced locally

Facilities Enterprise

- Special 5% Tax on Gross Income and exemption from all national and local taxes, except real property tax on land owned by developers. (“Gross Income” refers to gross sales or gross revenues derived from the registered activity , net of sales discounts, sales returns and allowances and minus cost of sales or direct costs but before any deduction is made for administrative expenses or incidental losses during a given taxable period)
- VAT Zero rating of local purchases
- Exemption from expanded withholding tax



DTI-PEZA

PHILIPPINE ECONOMIC ZONE AUTHORITY

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Source: [PEZA](#)