



City of Mandaue  
Mandaue Investment Promotions Action Center (MIPAC)

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## NEW INVESTMENT CODE IN THE CITY OF MANDAUE

### City Preferred Activities List (CPAL)

New investments with a minimum capitalization and/or total assets in Mandaue of at least Three Million (Php 3,000,000.00) Pesos, excluding investment in land, shall be eligible to a local tax holiday, as defined by Section 4 of this ordinance for a period of one (1) year from the time of the issuance of the certificate of registration by the Board, provided that the nature of business of such new investment falls under the following City Preferred Activities List, to wit:

- a. **Manufacture of Modular Mass Housing Components** - This covers the manufacture of modular housing components preferably using indigenous materials. These include roof/framing systems, wall/partition systems, flooring systems, door/window systems, and finishing/ceiling systems.

The Firm shall sell at least 50% of total annual production to mass housing projects.

- b. **Creative Industries/knowledge-Based Services** - This covers business/knowledge processing. This also covers non-voice business processing operations, creative and knowledge-based services such as but not limited to software development, animation, engineering and architectural design, product design, game and applications development and software development. Non-voice business process operations include the undertaking of outsourced services such as administrative and business services, transcription services, engineering and architectural services. Creative/Knowledge-Based Services does not include tarpaulin printing, billboard printing, and/or other types of printing on different kinds of media
- c. **Passenger/Intermodal Terminals** - This covers the development and operation of passenger/intermodal terminals, including passenger terminals that will integrate public utility vehicles operating within the City, with the following qualifications:
  - i. Must cater to shipping lines and/or different land transportation systems (rail system, buses, taxis, etc.);
  - ii. Must have new facilities with parking, comfort rooms, ticketing and reservation office, sufficient passenger waiting area and provide shuttle services, whenever applicable; and



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- iii. Must have a system of ingress and egress to prevent traffic build up/obstruction of thoroughfares on a 24-hour basis as certified by the Traffic Enforcement Agency of Mandaue (TEAM) Board.
- d. **Charging Stations for Electric Vehicles** - This covers the projects involving the establishment of charging stations for electric vehicles. The charging stations could refer to a 'service station' designed to simultaneously fast charge multiple vehicles similar to gasoline/diesel stations or a network of at least 5 charging stands, the application of which must be duly endorsed by the appropriate agency of government whenever applicable.
- e. **Research & Development** - This covers establishments solely devoted to research and development such as research/testing laboratories (e. g. for pharmaceuticals, electronics, construction, etc.) This also covers the establishment and operation of facilities for the conduct of clinical trials (e.g. Clinical Research Organization or CRO). The CRO must submit a copy of Permit for Clinical Investigational Use to the City by the Food and Drugs Administration before the conduct of each clinical trial.

Applicants must submit the appropriate endorsement by any national agency of government such as the DOST.

- f. **Center of Excellence (COE)** - This covers the establishment of entrepreneurial, technology, business incubation centers, common service facilities, and manufacturing, service and agribusiness entities including those locating in the premises of Commission on Higher Education accredited universities and colleges and with special arrangement with the university and/or college to develop competencies in entrepreneurship, and research and development.
- g. **Manufacture/Assembly of Alternative Fuel Vehicle (AFV) and Electric Vehicles (EV) including the Manufacture of AFV and EV components** - This covers projects on the manufacture/assembly of alternative fuel vehicle and electric vehicles (excluding 2-stroke motorcycles), which include the following:
  - i. Hybrid vehicles or those vehicles that run on electric batteries and gasoline/diesel/other fuels
  - ii. Electric vehicles or those that run solely on electric power
  - iii. Flexible-fuel vehicles or those that run on gasoline/diesel in combination with alternative fuel such as but not limited to:
    1. Bioethanol vehicles that run on gasoline and a minimum ethanol content/blend of at least 20%



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2. Biodiesel vehicles that run on diesel and a minimum biodiesel blend/content of at least 5%
3. Compressed Natural Gas Vehicles or vehicles that run on Compressed Natural Gas (CNG);
4. Other vehicles powered by LPG, fuel cell and other alternative fuels: and
5. Manufacture of AFV and EV components either as original equipment manufacturer (OEM) or after - market products, including the manufacture of electric motors, batteries other than lead acid batteries, controller assembly and battery charger for electric vehicles.

- h. Clean Water Projects** - This covers the establishment of wastewater treatment facilities and sewage collection integrated with treatment facilities and the adoption of water pollution control technology, cleaner production and waste minimization undertaken through BOT or non-BOT schemes.

Activities such as 5S and Good Housekeeping are not qualified for registration under the CPAL.

Wastewater treatment facilities and sewage collection integrated with treatment facilities maybe entitled to ITH. Projects adopting water pollution control technology, cleaner production and waste minimization are entitled to the local tax holiday but only to the extent of their capital equipment.

Applications under this provision shall be endorsed by the DENR, DOST and other pertinent agencies.

- i. Renewable Energy** - This covers the development of renewable energy facilities, including hybrid systems.

This also covers manufacturers, fabricators and suppliers of locally produced renewable energy (RE) equipment and components.

Sales of power generation projects with feed-in-tariffs (FIT) shall not be entitled to local tax holiday.

Applications for registration under this provision must submit DOE Certifications (Certificate of Registration, Accreditation and/or DOE Endorsement, whichever is applicable).



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- j. Manufacture of Export Products** - This covers the production/manufacture of export products and with export requirement of at least 50% of its output, if Filipino owned, or at least 70% if foreign-owned.

Export products include electronics, garments and textiles, footwear and leather goods, furniture, jewelry, marine and aquaculture, mineral products and others.

- k. Projects Directly Related to City Strategy** - Projects that may fall within the concept of strategic initiatives and which may substantially, positively and directly affect the measures of the city strategy, and which strategy, initiatives and measures me duly approved by the Performance Governance System Core Team and the Sangguniang Panglungsod. This however, does not include contactors, suppliers and/or consultants of the Government undertaking the various components of the said and/or of the entire strategic initiative.

## EXPENSE INVENTIVES

- A. Expansion Incentive for Micro, Small, Medium and Large Enterprises Engaged in Manufacturing** - Micro, Small and Medium Enterprises engaged in Manufacturing that undertake expansion as defined by this Code, shall be eligible to deduct from its gross receipts the direct expansion cost, but which deduction shall not exceed thirty percent (30%) of the gross receipts for the year the cost was incurred, subject to the following conditions:
1. The expansion must result to any of the following:
    - a. Substantial reduction in production cost;
    - b. Significant increase in productive efficiency;
    - c. Upgrading of product quality; or
    - d. Keeping abreast with the state-of-the-art technology/ies in the production of the enterprise's principal product line.
- B. Expansion of Micro Businesses Engaged in Manufacturing that Previously Avail of Amnesty** - Micro businesses engaged in manufacturing that avail of the amnesty provided in Section 13 shall not be allowed to claim for expansion incentives within the tax year of the amnesty. However, they shall be eligible for expansion incentive the following tax year subject to the conditions specified in Section 14.
- C. Incentive for Installation of Quality Management Systems.** - Micro, Small, Medium and Large Enterprises engaged in Manufacturing that shall acquire and/or install quality management standards such as but not limited to quality standard certifications such as ISO certification series, good manufacturing practices, etc. shall be eligible to deduct from



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their gross receipts the direct expenses therefor but which deduction shall not exceed thirty percent (30%) of the gross receipts for the year the cost was incurred. Activities such as 55 and Good Housekeeping are not qualified for incentives under this provision.

- D. **Incentive for New Product Development** - Existing Micro, Small, Medium and Large Enterprises engaged in Manufacturing that conduct new product development including market or concept testing shall be eligible to deduct from their gross receipts the direct expenses therefor but which deduction shall not exceed thirty percent (30%) of the gross receipts for the year the cost was incurred, subject to the condition that the enterprise received substantial purchases and/or orders of the new product within six (6) months from the product launch.
- E. **Incentives for Business Linkages**- Large and Medium Enterprises that create business linkages with micro, small and medium manufacturing enterprises, shall be eligible to deduct from their gross receipts the direct expenses that shall arise by reason of the business linkage, but which deduction shall not exceed thirty percent (30%) of the gross receipts for the year the cost was incurred, provided that: the micro, small and/or medium manufacturing enterprise is enrolled in the business linkage program of the City, provided further that: in no manner shall this provision be construed as allowing labor only contracting as defined by the Labor Code and its implementing rules and regulations.

## INCENTIVES FOR GREEN BUILDING

- A. **Incentives for Buildings that Avail of BERDE Certification.** - Buildings that voluntarily comply with BERDE Certification may register under this Code with the MIPB, for the following discounts against the Real Property Tax on the building of the year the Certification is issued, to wit:
1. 5oZ discount if a building is I-Star BERDE Certified;
  2. 10% discount if a building is 2-Star BERDE Certified;
  3. 15% discount if a building is 3-Star BERDE Certified;
  4. 20% discount if a building is 4-Star BERDE Certified; and
  5. 25% discount if a building is 5-Star BERDE Certified.

Provided that: The discount shall be deductible from the RPT liability of the building, not the lot on which the building is constructed; Provided further that: The building owner



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may apply for RPT discount on the building, within a period of three (3) years from the time the BERDE Certification, whether the Certification is for design, construction or operation, is issued; Provided finally that: In the event that there are two or more BERDE Certifications issued within a tax year, the building owner may avail of the RPT discount only once.

- B. Incentives for Mandatorily Required Buildings** - Buildings required by the Green Building Ordinance to comply with the 3-Star BERDE Certification, may apply for registration under this Code, for the payment of building and/or occupancy permit fees, as the case maybe, in three (3) equal installments; Provided that: The first installment shall be payable upon the time the fee is assessed and ought to be paid pursuant to law Provided further that: the 2nd and 3rd installments shall be payable within a period of six (6) months from payment of each, successively.

In the event that the building shall voluntarily avail of 4 and/or 5-Star BERDE Certifications beyond the minimum requirement, the building owner may register under this Code with the MIPB, for the following discounts against the Real Property Tax on the building of the year the Certification is issued:

1. 5% deduction if a building is 4-Star BERDE Certified;
2. 10% deduction if a building is 5-Star BERDE Certified;

Provided that: the grant of fiscal incentives under this provision shall be subject to the same conditions as mandated under sub-paragraph (a) hereof.

## NON-FISCAL INCENTIVES

- I. A registered enterprise shall be entitled to the following non- fiscal incentives:**

- a. Assistance in securing local permits and licenses;
- b. Assistance in identifying business location and factory sites;
- c. Assistance in facilitating the construction of access roads towards intended site;
- d. Joint ventures match-making;
- e. Facilitating access to financial and technical assistance programs of the government; and
- f. Facilitating service connections with local utilities

- II. Non-fiscal incentives for Green Building** – In addition to the foregoing, a registered Green Building shall be entitled to higher Floor to Area Ratio than that prescribed by the City and recognition from the City for efforts in pursuing the Green Building Program.