



RULES AND REGULATIONS IMPLEMENTING
THE
**LA UNION
INVESTMENT INCENTIVE
CODE OF 1999**

Produced by the
PROVINCIAL GOVERNMENT OF LA UNION
&
DEPARTMENT OF TRADE AND INDUSTRY
City of San Fernando, La Union

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Republic of the Philippines
Province of La Union
OFFICE OF THE SANGGUNIANG PANLALAWIGAN

**RULES AND REGULATIONS IMPLEMENTING THE LA UNION
INVESTMENT INCENTIVE CODE OF 1999
PROVINCIAL ORDINANCE NO. 99-001**

RULE I

TITLE AND DECLARATION OF POLICY

Article 1. TITLE – These rules shall be known and cited as the LA UNION INVESTMENT INCENTIVE CODE OF 1999.

Article 2. PURPOSE – These rules are promulgated to prescribe the procedures and guidelines for the implementation of the La Union Investment Incentive Code of 1999 in order to facilitate compliance therewith and achieve the objectives thereof.

Article 3. DECLARATION OF POLICY – To accelerate the sound development of the province of La Union in general, its municipalities in particular and in accordance with the local and national development plan, it is hereby declared to be the policy of the Province of La Union to encourage investments in projects to develop agribusiness, manufacturing, tourism, real estate, utilities, infrastructure, services and other industries that are export-oriented, non-polluting, labor intensive, skills imparting in nature and other vital areas of investment as may be determined by the Board later on which will provide employment opportunities, raise the standards of living of the people of La Union, and provide for equitable distribution of wealth.

Article 4. SCOPE OF APPLICATION – These rules shall apply to all persons, entities or enterprises, government and non-government organizations and instrumentalities to the extent provided in the Code.

Article 5. RULES OF INTERPRETATION – Any conflict or controversy arising under the Code shall be resolved under the basis of applicable to the conflict or controversy, may be resorted to.

RULE II

DEFINITION OF TERMS

Article 6. DEFINITION OF TERMS – The following definition of terms shall be construed to mean only as defined by this Code:

- a) "BOARD" shall mean the La Union Investment Board created under this Code.
- b) "OFFICE" shall mean the La Union Investment Service Office, which shall serve as the secretariat of the Board
- c) "PROVINCE" shall mean the Provincial Government of La Union
- d) "LOCAL GOVERNMENT UNIT (LGU)" shall mean any municipalities or city within the Province of La Union.
- e) "REGISTERED ENTERPRISE" shall mean any individual, partnership, corporation and other entity incorporated and/or organized and existing under Philippine Laws; and registered with the Board in accordance with the provisions of this Code; provided however that the term registered enterprise shall not include banks, associations, trust companies, finance companies, brokers and dealers securities, lending investors, consumers cooperatives and credit unions and other business organizations whose principal purpose or principal source of income is to receive deposits, lend or borrow money, buy and sell or otherwise deal, trade and invest in common or preferred stocks, debentures, bonds or other marketable instruments generally recognized as securities or discharge other similar intermediary trust or fiduciary functions.
- f) "NEW ENTERPRISE" shall mean newly organized and duly registered business entity with SEC and/or DTI after effectivity of this Code or already registered with SEC/DTI but whose principal production facilities are located outside of La Union whose proposed relocation should principally be within the territorial jurisdiction of the Province.
- g) "EXISTING ENTERPRISE" shall mean an existing business entity presently registered with the SEC and/or DTI who intends to undertake an expansion/relocation of its operations in La Union upon effectivity of this Code.
- h) "INCENTIVE" shall mean the benefits derived by the Registered Enterprise, which shall be in the form of exemptions, deductions or reductions from payments of taxes and other fees and charges as indicated herein and other benefits defined in this Code.
- i) BONAFIDE RESIDENT – is a person who is a registered voter of La Union and has established minimum residence of (1) year in the province.
- j) "CODE" shall mean the La Union Investment Incentives Code of 1999.

RULE III

CREATION, COMPOSITION, MEETINGS, POWERS, DUTIES AND FUNCTIONS OF THE LA UNION INVESTMENT BOARD

Article 7. THE LA UNION INVESTMENT BOARD – There is hereby created a La Union Investment Board which shall be the policy governing and approving body that will implement the provisions of this Code.

Article 8. COMPOSITION OF THE BOARD – The Board shall be composed of one honorary (non-voting member), and 11 regular members composed of the following:

Honorary Chairman	:	Provincial Governor
Chairman	:	Provincial Vice-Governor
Vice-Chairman	:	President Chamber of Commerce & Industry of La Union
Members	:	Chairman, Committee on Trade and Industry, Sangguniang Panlalawigan
	:	President, Municipal Mayor's League of LU
	:	Mayor of City of San Fernando
	:	President, Filipino-Chinese Chamber of Commerce & Industry of La Union
	:	President, Provincial Association of Non-Government Organizations of La Union (PANGOLU)
	:	President La Union Bankers' Association (LUBA)
	:	Chairman, La Union Small and Medium Enterprise Association (LUSMEA)
	:	Chairman, Committee on Labor and Employment, Sangguniang Panlalawigan
	:	President, La Union Hotel, Resort and Restaurant association (LUHRRRA)

Article 9. MEETINGS AND QUORUM OF THE BOARD – The Board shall hold a monthly regular meeting and, as often as may be necessary, hold special meetings, on such a day and time as it may fix. The presence of at least a majority of its members shall constitute a quorum for the Board to exercise its powers and functions.

Article 10. HONORARIUM – The members of the Board shall be entitled to an honorarium per regular meeting of not more than FIVE HUNDRED PESOS (P500.00) subject to the existing government accounting and

Article 11. POWERS, DUTIES AND FUNCTIONS OF THE BOARD.

The La Union Investment Board (LUIB) shall have the following powers, duties and functions:

- a) Promulgate the implementing rules and regulations (IRR) to implement the intent and provisions of this Code;
- b) Approve applications for registration with the Board imposing such terms and conditions as the Board deems necessary to promote the objectives of this Code;
- c) Periodically check and verify the compliance of registered enterprises with the relevant provisions of this Code, and its implementing rules and regulations and with the terms and conditions of registration;
- d) To establish promotional and marketing strategies/activities to generate new investment in the province;
- e) Recommend to the Office of the Provincial Governor investment areas which will be opened for investment incentives for the adoption of a similar LGU ordinance that complements with this Code;
- f) After due notice and hearing, cancel the registration or suspend the enjoyment of incentives or benefits or any registered enterprise for (1) failure to maintain the qualification required by this Code within one (1) year; (2) violation of relevant provisions of this Code and its implementing rules and regulations, and the terms and conditions of registration;
- g) Review the Code and recommend to the Sangguniang Panlalawigan its revisions as it deems necessary to make it responsive to the needs of investors and competitive with other local investment Codes;
- h) To implement and to supervise the operation of the La Union Investment Service Office (LUIISO) and the Advisory Council;
- i) Generally exercise all other functions and powers necessary or incidental to the attainment of the objectives of this Code;

Article 12. FUNCTIONS AND DUTIES OF THE CHAIRMAN – The

Chairman shall have the following functions and duties:

- 1) To preside over the meetings of the Board;
- 2) To render annual reports to the province, through the Provincial Governor and such special reports as may be requested;
- 3) To act as liaison between investors seeking joint venture arrangements in particular areas of investments;
- 4) Prepare the agenda for the meetings of the Board and submit for the Board's consideration and approval the policies and measures which the Chairman deems necessary and proper to carry out the provisions of this Code;

- 5) Recommend to the Board such policies and measures he may deem necessary to carry out the objectives of this Code; and
- 6) Generally, to exercise such other functions and perform such other duties as may be directed by the Board from time to time.

Article 13 FUNCTIONS AND DUTIES OF THE VICE CHAIRMAN –

The Vice Chairman shall have the following functions and duties:

- 1) To preside over the meetings of the Board in the absence of the Chairman; and
- 2) Perform the other duties of the Chairman in the absence of the latter, and such other duties as may be assigned to him by the Board.

Article 14. INVESTMENT ADVISORY COUNCIL – shall consist of representatives from various government agencies and private sector who shall be appointed by the Board to serve as members for policy recommendations or operational advise to the Board.

Article 15. DISQUALIFICATIONS OF THE MEMBERS OF THE BOARD.

C/o Board

Article 16. THE LA UNION INVESTMENT SERVICE OFFICE - There is hereby created a La Union Investment Service Office (LUIISO) which shall serve as the administrative arm and secretariat of the Board. The LUIISO shall be headed by the Provincial Planning and Development Coordinator and shall serve as the secretary to the Board.

The LUIISO shall have the following functions:

- a) Supervise and handle the administration of the incentives granted this Code and provide hands-on services to potential investors;
- b) Process applications for registration and recommend their approval to the Board within a period set by the Board;
- c) Set up the One-Stop Investment Service Center (OSISC) that will assist investors in securing permits and facilitate the availment of local and national government incentives, and identify business or joint venture partners, material suppliers, contractors, possible business sites, and other requirements and needs of the investors.
- d) Monitor the status of all investment generation efforts undertaken by the Board.
- e) Provide investment data banking services which shall contain, among others, general business information, information on economic activities and sites characteristics;

- f) Serve as the central coordinating unit for all investment promotions activities in the province;
- g) Assist registered enterprises and prospective investors to have their papers processed with dispatch by all government offices, agencies, instrumentalities and financial institutions;
- h) To perform other administrative functions as may be authorized by the Board.

RULE IV
APPROPRIATIONS

Article 17. FUNDING – The Provincial Government shall initially appropriate the sum of FIVE HUNDRED THOUSAND (P500,000.00) PESOS from its 1999 budget and to provide an annual subsidy of not less than P200,000.00 thereafter as support fund to defray the expenses of the La Union Investment Board (LUIB) and the La Union Investment Service Office (LUIISO) subject to the usual accounting and auditing rules and regulations. The board may undertake fund generation activities provided it is in accordance with existing laws.

RULE V
**RIGHTS AND OBLIGATIONS OF THE PROVINCIAL GOVERNMENT,
INVESTORS AND REGISTERED ENTERPRISES**

Article 18. RIGHTS AND OBLIGATIONS OF THE PROVINCE OF LA UNION – To enhance investor's confidence in the incentive program, the Province shall:

- a) Clearly publicize to prospective investors the economic priorities including target investment areas and the general conditions applicable to incoming direct private investment;
- b) Clearly communicate investment evaluation criteria and procedures to enhance transparency in the incentive granting process;
- c) In the formulation of qualifications, policies and ordinances that effect investments, take the fullest possible account of the need of the investors in terms of stability and security for their unhampered operations.
- d) Ensure consistency of policy implementation and refrain from unnecessary modification of agreements, after details of the implementation of the investment project has been accepted and the ownership and management structure of the enterprise has been established;
- e) Determine and promulgate areas of investment of high priority where total foreign ownership may be allowed subject to the provisions of

existing laws;

- f) Refrain from granting special incentives aimed at encouraging investments in the identified target areas to avoid undue distortion of competition;
- g) Ensure a stable and reasonable tax system on gross sales/receipts and real property including permits and licenses to encourage private investments;
- h) Resolve all doubts concerning the benefits and incentives granted under this ordinance;
- i) Help promote industrial peace through the establishment of mechanisms to assure harmonious relationship between labor and management;

Article 19. RIGHTS AND OBLIGATIONS OF INVESTORS AND REGISTERED ENTERPRISES – Investors and registered enterprises shall have the following rights and obligations;

- a) Adequately and fully make known its expectations concerning the expansion of the enterprise, employment and marketing prospects and financing of its operations;
- b) Provide relevant information about the operation of the enterprise;
- c) Whenever feasible, offer part of the equity to local investors;
- d) Comply with the laws and regulations in relation to the submission of the necessary financial information in connection with assessment and collection of taxes;
- e) Abide to the undertakings given by the Province in connection with investment;
- f) Encourage local participation in management of the enterprise and recommend qualified and bonafide residents of the community to positions with responsibility and provide the necessary training for such positions;
- g) To the extent consistent with the efficient operations of the enterprise, to give priority employment to qualified local residents;
- h) To give preferences to suppliers, contractors and other services provided by local establishments subject to the requirements, standards and specification of the enterprise;
- i) Comply with all labor-related laws in accordance with Philippine Government's policies;
- j) Support the investment with appropriate services and suitable technology transfer to ensure the full contribution of investment to the community;
- k) Ensure a system in examining the impact of its operations on the environment and take steps to minimize damage in so far as it is economically and technically practical in the local situation, and

- l) Respect and abide by national laws, policies and economic and social objectives of the Philippine Government.

**RULE VI
GENERAL ELIGIBILITY CRITERIA**

Article 20. CRITERIA FOR ALL ENTERPRISES – Existing business enterprises and new investors who intend to avail of the incentives provided in this Code must meet the following criteria:

- a) The prospective investor's production facility, service or business must be located within the territorial jurisdiction of the Province of La Union.
- b) Eligible existing enterprises are those who principal production facility, service or business is already located within the territorial jurisdiction of the Province of La Union and whose proposed expansion/diversification should principally be within the territorial jurisdiction of the province.
- c) Eligible new enterprises are those which are registered with SEC/DTI after effectivity of this Code and whose proposed relocation should principally be within the territorial jurisdiction of the province.
- d) The business enterprise has complied with all the requirements mandated under existing local or national laws and the constitution.
- e) The investment must provide employment among bonafide residents of La Union.
- f) The prospective investment must engage in activities in preferred areas of investment as may hereafter be declared by the Board.

Article 21. ADDITIONAL QUALIFICATIONS FOR NEW ENTERPRISES

– In addition to the criteria set in Article 29 hereof, new investors must have the following qualifications:

- a) The new enterprise must be duly registered with the Securities and Exchange Commission if it is a partnership or corporation or with the Department of Trade and Industry if it is a single proprietorship;
- b) The new enterprises must have the following capitalization:

Corporation	Minimum of 20 million pesos (paid up capital)
Partnership	Minimum of 10 million pesos (paid up capital)
Single Proprietorship	Minimum of 5 million pesos

Article 22. QUALIFICATIONS FOR EXISTING ENTERPRISES – All eligible existing enterprises are entitled to apply for the benefits set forth under this code as follows:

- a) Undertake expansion of existing production, service or business capacity or construction of new factories, agri-productions or new building or other civil works for the installation of new machinery

and equipment or improvement thereof which shall result in an increase in production or service capacity, provided that the total added investments shall be minimum of:

Corporation	10 million pesos (paid up capital)
Partnership	5 million pesos (paid up capital)
Single proprietorship	2.5 million pesos

- b) Provide not less than 75% additional employment to the qualified bonafide residents of the province on the expansion or new capacity.
- c) Direct employment generated for new enterprise or expansion must be as follows:
 - Not less than five (5) in case of single proprietorship
 - Not less than ten (10) in case of a partnership
 - Not less than 2.5 in case of a corporation

Article 23. PREFERRED/PRIORITY INVESTMENT AREAS/ACTIVITIES AND APPROPRIATE INCENTIVES AND SUPPORT MEASURES

- a) Preferred/Priority Investment Areas/Activities and Appropriate Incentives and Support Measures – Incentives will be provided to new projects in the following investment areas:
 - a.1 Agri-business Sector such as but not limited to:
 - a.1.1. Livestock and Poultry Production
 - a.1.2. Fruit Production and Processing
 - a.1.3. Fish Production and Processing
 - a.1.4. Cutflower and Orchid Farming
 - a.2. Tourism Facilities such as but not limited to:
 - a.2.1. Beach and Inland Resorts
 - a.2.2. Hotels, Restaurants and Marina
 - a.2.3. Sports and Recreational Centers
 - a.2.4. Theme Parks
 - a.3. Infrastructures Facilities such as but not limited to:
 - a.3.1. Telecommunications
 - a.3.2. Airport
 - a.3.3. Seaport
 - a.3.4. Road Network
 - a.4. Property Development such as but not limited to:
 - a.4.1. Private Industrial Estate
 - a.4.2. Commercial Office Buildings

- a.4.3. Housing Projects
- a.4.4. Convention Center Establishment
- a.4.5. Storage and Warehouses
- a.5. Transportation Facilities
 - a.5.1. Land (Passenger Bus, Passenger Train)
 - a.5.2. Water (Yacht, Passenger Boats)
 - a.5.3. Air (Chartered)
- a.6. Extraction and Processing of Mineral Resources such as but not limited to:
 - a.6.1. Pebbles
 - a.6.2. Limestone
 - a.6.3. Others
- a.7. Light Manufacturing Activities such as but not limited to:
 - a.7.1. Products from indigenous materials
 - a.7.2. Wood carvings
 - a.7.3. Furniture and Fixtures
 - a.7.4. Loomweaving
- b.) Submission of Investment Priority Plan

Not later than the end of March of every year, the Board, after consultation with appropriate government agencies, as it deemed necessary, shall submit the Investment Priorities Plan for the Sangguniang Panlalawigan for approval.
- c.) Criteria for Preferred Areas of Investment

The Board shall determine which areas of investment best accomplish the policy declared in this Code, including those which will economically produce goods for domestic use in substitution of goods being imported in large quantities and especially those which will process further, and hereby increase the value of agricultural and other products already being produced or which will make products at cost low enough to be sold competitively in either domestic or export market.
- d.) Determination of Additional Investment Areas

Based on the result of study conducted by the LUISO in consultation with other government and private sector leaders of La Union, the LUISO may recommend to the Board additional investment areas which upon due deliberation and approval shall then be adopted for implementation under the La Union Investment Incentive Code with the concurrence of the Sangguniang Panlalawigan. Basis for inclusion of investment areas are:

- a. It must generate high levels of employment;
 - b. It must feature a high degree of value-added;
 - c. It must create linkages with local industries; and
 - d. It must not have deleterious effect to the environment.
- c) Appropriate Incentive and Support Measures. The Board upon the recommendation of the LUISO shall identify and recommend for the approval of the Sangguniang Panlalawigan appropriate incentives and support measures which shall be willing to extend, to promulgate priority investment areas and activities to targeted investors.
 - d) Effectivity of Appropriate Incentives and Support Measures – The LUISO shall review the package of appropriate incentives and support measures and the investment areas of activity every (two) years and to recommend to the Board to remove an area of activity from the list, at any point, when it deems that sufficient investments in the areas or activity have been attained and where continued extension of incentives or support measures for the expansion of said areas or activity may place the interest of the province and the public in adverse position.

The LUISO may also recommend to the Board to remove an investment area or activity from the list where such area or activity from the list of preferred/priority areas of investments. Bases for the removal of a Preferred Investment Area are as follows:

1. Sufficient investments in the areas or activity have been attained.
2. The continued extension of incentives or support for the specific investment area is no longer to the interest of La Union.
3. The investment area or activity cannot attract investors within reasonable time and cost or may result in unfavorable business climate.

RULE VII

REGISTRATION ON ENTERPRISES

Article 24. APPLICATION REQUIREMENTS – Application for registration may be filed with the La Union Investment Service Office (LUISO) after payment of non-refundable filing fee of P5,000.00 together with the following documents:

- a) Four (4) copies of the project study/business plan showing that the project covered by the application is economically, technically and financially viable;
- b) Four (4) copies of the Articles of Incorporation and by-laws registered and issued by the Securities and Exchange Commission or Certificate

- of Business Name Registration with the Department of Trade and Industry for single proprietorship;
- c) Resolution of the applicant's Board of Directors authorizing the filing of application or letter of Intent by owner for single proprietorship; and
- d) List of directors and other principal officers in their respective nationalities and current addresses certified by the Corporate secretary or list of officers for single proprietorship as certified by the owner-applicant.
- e) Three (3) copies of completed application form, the form of which can be secured from the LUISO.

Article 25. – REGISTRATION AND APPROVAL PROCEDURES

- a) Registration Procedure
 1. Applications should be submitted to the LUISO together with the required documents;
 2. The applicant pays the non-refundable filing fee of Five Thousand Pesos (5,000.00) to form part of the operating expenses of the LUISO;
 3. Once all required documents are submitted, the project will be evaluated by the LUISO;
 4. If found not qualified, the LUISO informs the applicant;
 5. If found qualified, the LUISO forwards the application to the Chairman of the Board for approval;
 6. Once approved by the Chairman, the LUISO informs the applicant in writing and delivers the Certificate of Registration;
 7. The LUISO, then, informs all concerned agencies, entities of such approval for their information, guidance and appropriate action.
- b) Certificate of Registration

A registered enterprise under the La Union Investment Incentive Code of 1999 shall be issued a Certificate of Registration with the Signature of the Chairman of the Board and/such other officer as the Board may empower and designate for the purpose. The certificate shall be in such form and style as the Board may determine and shall state, among other matters, the following:

 1. The name of the registered enterprise.
 2. The preferred priority area of investment in which the enterprise will engage in.
 3. The other terms and conditions to be observed by the registered enterprise by the virtue of its registration.
- c) Processing Time

Applications shall only be deemed officially accepted upon submission of complete requirements to the LUISO. Application for

incentives shall be acted upon by the LUISO within ten (10) working days from the official acceptance thereof and the Chairman of the Board within an additional ten (10) working days. If and when the application is not acted upon within the stated period of a total twenty (20) days, the application is deemed approved.

Filing Fee
A non-refundable filing fee of Five Thousand (P5,000.00) Pesos for the availment of the Fiscal Incentives shall be paid to the LUISO through the Provincial Treasurer of La Union together with the required documents for registration.

- e) Venue for Filing Applications

All applicants shall be filed with the LUIB through the LUISO.
- f) Date of Official Acceptance

Applications shall be filed with the LUIB through the LUISO and recorded in a Registration Book; and the date appearing therein and stamped on the application shall be considered the date of official acceptance.

**RULE VIII
FISCAL INCENTIVES**

Article 26. TAX INCENTIVES UNDER THE LOCAL GOVERNMENT CODE – The incentives mandated under RA 7160, otherwise known as the Local Government Code of 1999, shall govern to qualified business establishment operating in the province.

Article 27. PERIOD OF EXEMPTION – Qualified enterprises under this Code shall have a period of exemption based on the paid-up capital or actual capital contributions for New Enterprises or the expansion or diversification made by an Existing Enterprise, computed from the date of approval of the application of the new or existing enterprise by the La Union Investment Board, as follows:

	New Enterprise	Existing Enterprise
For corporation	P20-50 M Above P50M	P10-25M Above P25M 6 years
For partnership	P10-25M Above P25M	P5-8.5M Above 8.5M 3 years 6 years
For Single Proprietorship	P5-10M Above P10M	P2.5-4.5M Above P4.5M 3 years 6 years

Article 28. INCENTIVES GRANTED TO QUALIFIED ENTERPRISES – Qualified enterprises under this Code shall enjoy the following tax incentives:

- a) Qualified enterprises shall be 100% exempt for the first three (3) years from the date of approval of the registration with the Board from provincial taxes, fees and other charges imposed under Provincial Revenue Code of 1996 after which the exemption shall be 50% on the 4th, 5th and 6th years.

**RULE IX
NON-FISCAL INCENTIVES**

Article 29. NON FISCAL INCENTIVES

- a) Subject to conditions set by appropriate agencies of the National Government, permission of employment of qualified foreign personnel where there is a need for the efficient operation of the enterprise or for training purpose or transfer of technology;
- b) Assistance in seeking Environmental Clearance Certificate (ECC) with the Department of Environment and Natural Resources and land conversion requirements with the Department of Agrarian Reform (DAR) and Department of Agriculture (DA) and other agencies;
- c) Assistance with the cooperation of the Bureau of Customs the release of imported equipment or raw materials for the registered enterprise.

**RULE X
MISCELLANEOUS PROVISIONS**

Article 30. VISITORIAL POWER OF THE BOARD – The Board or any duly authorized member thereof, is hereby empowered and authorized to conduct an ocular inspection of the premises of examination of the business activity of any enterprise, including the records and books of any enterprise, registered or applying for registration at any reasonable time of the day, during office hours, for verification or ascertaining, the enterprise's strict compliance with the provisions of the Code or of these Rules, or when the Board deems it necessary in or incidental to the effective exercise and performance of their respective functions and powers.

Article 31. SUBMISSION OF REPORTS AND OTHER DOCUMENTS - Every registered enterprise shall, for each preferred priority areas of investments, submit to the Board the following reports and/or documents within the time herein prescribed;

- a) Amendments of the Articles of Incorporation or by-laws, or Articles of Partnership or Articles of Cooperation, within thirty (30) calendar days from date of submission of said amendments with the Securities

- b) and exchange Commission (SEC) or Cooperative Development Authority (CDA);
- b) Change of Directors within 30 calendar days from the change;
- c) Report on alien officers or employees within thirty (30) calendar days from the date of registration or from the appointment of their aliens/ replacements; Provided: that such aliens are registered as such with the Bureau of Immigration and deportation (BID) and with the Department of Labor and Employment (DOLE);
- d) Report on employment of bonafide La Union residents within thirty (30) calendar days from the date of registration or from the appointment of their replacements;
- e) Quarterly report on the enterprise's business operations, including the production or gross sales or receipts, within thirty (30) calendar days from end of each quarter;
- f) Audited Annual Financial Statements, within thirty (30) calendar days after its submission to the Bureau of Internal Revenue (BIR);
- g) Report on total local incentives availed of under the Code.

Article 32. SANCTIONS FOR LATE SUBMISSION OF REPORTORIAL REQUIREMENTS – For late submission of the reportorial requirements, every registered enterprise shall, for each preferred/priority area of investment, be fined in accordance with the following:

- a) First violation – P5.00 per day for every violation
- b) Second violation – P10.00 per day for every violation
- c) Third Violation and subsequent violations – P20.00 per day for every violation.

**RULE XI
FINAL PROVISION**

Article 33. PENAL CLAUSE – Any violation of the provisions of the Code, existing laws, ordinances, rules and regulations, shall be ground for the cancellation or revocation of the registration of the business and the withdrawal of all incentives granted under the Code.

The Certificate of Registration of a Business Enterprise, as provided in the Code and these Rules, may be cancelled or revoked due to the following:

- a) Violation of the provisions of the Code and these Rules.
- b) Violation of existing local and national laws, ordinances, rules and regulations;
- c) Failure to commence actual project development implementation within one (1) year from approval of registration.

Cancellation or revocation of the Certificate of Registration shall mean

the withdrawal of all the incentives granted under the Code; and all fees and charges previously exempted shall become due and demandable.

Upon the recommendation of the LUISO, the Chairman of the Board may cancel or revoke The Certificate of Registration of the concerned business enterprise through a formal written notice to that effect, and shall become effective on the 16th day of receipt thereof.

Article 34. APPEAL – The applicant adversely affected by the decision may, within fifteen (15) days from receipt of such decision, appeal the same to the Board, whose decision shall be final and executory.

Article 35. SEPARABILITY CLAUSE – The provisions of this Code are hereby declared to be separable and in the event that one or more of the other provisions are held illegal or unconstitutional, the validity of other provisions shall not be affected.

Article 36. REPEALING CLAUSE – All provincial ordinances, executive orders and rules and regulations inconsistent or in conflict with the provisions of this Code are hereby repealed or modified accordingly.

Article 37. PROSPECTIVE APPLICATION – This ordinance shall have prospective application.

Article 38. EFFECTIVITY – This ordinance shall take effect 15 days after its publication in any local newspaper in the province.

COMPOSITION OF THE BOARD

<i>Honorary Chairman</i>	Hon. JUSTO O. ORROS, JR.	Provincial Governor
<i>Chairman</i>	Hon. AUGUSTO AUREO Q. NISCE	Provincial Vice-Governor
<i>Vice-Chairman</i>	Mr. REYNALDO B. BONIFACIO	President, Chamber of Commerce & Industry of La Union
<i>Members</i>	Hon. RUPERTO A. RILLERA, JR.	Chairman, Committee on Trade & Industry, Sangguniang Panlalawigan
	Hon. EUFRANIO C. ERIGUEL	President, Municipal Mayor's League of La Union
	Hon. MARY JANE C. ORTEGA	Mayor, City of San Fernando
	MR. SEE LIN CHAN	President, Filipino-Chinese Chamber of Commerce & Industry of La Union
	Engr. MARIANO CHAN	President, Provincial Association of Non-Government Organizations of La Union (PANGOLU)
	Mr. AVELINO G. YALONG	President, La Union Bankers' Association (LUBA)
	Ms. JOSEPHINE LADIVES	Chairman, La Union Small and Medium Enterprise Association (LUSMEA)
	Hon. PABLO C. ORTEGA	Chairman, Committee on Labor & Employment, Sangguniang Panlalawigan
	Mr. JOHNNY A. STA. ANA	President, La Union Hotel, Resort and Restaurant Association (LUHRRRA)
	Mr. HENRY P. OREJUDOS	
<i>Secretariat</i>	Mr. MAURO A. LIBATIQUE, JR.	