



Republic of the Philippines
Province of Ilocos Sur
MUNICIPALITY OF NARVACAN

OFFICE OF THE SANGGUNIANG BAYAN 2016-2019

20th Regular Session
Held at the SB Session Hall
On 5 December 2016

ORDINANCE NO. 07
Series 2016

ORDINANCE ENACTING THE MUNICIPAL INVESTMENTS AND INCENTIVES CODE OF NARVACAN, ILOCOS SUR

BE IT ORDAINED BY THE SANGGUNIANG BAYAN OF NARVACAN, ILOCOS SUR
IN SESSION DULY ASSEMBLED:

CHAPTER I

GENERAL PROVISIONS

SECTION 1: **TITLE.** This Ordinance shall be known as the:

"INVESTMENTS AND INCENTIVES CODE OF NARVACAN 2016"

SECTION 2: **DECLARATION OF INVESTMENT POLICY.** In furtherance of its local development goals, Narvacan, Ilocos Sur encourages investments on environmentally-friendly projects in agriculture, tourism, manufacturing and agri-based industries.

CHAPTER II

DEFINITION OF TERMS

The following terms and phrases shall mean as follows:

- a. **Local Investments and Incentives Code (LIIC)** – Refers to Narvacan Investments and Incentives Code of 2016. It is a document that articulates the local government investment policies and programs, Investments Priority Areas (IPAs), local incentives (fiscal or non-fiscal) available to domestic and foreign investors and the mechanics for availing them.
- b. **Narvacan Investment and Incentives Board (NIIB)** – is a body being created to implement the provisions of the Local Investment and Incentives Code of the Municipality of Narvacan.
- c. **Narvacan Economic and Investments Promotion Center (NEIPC)** – Shall refer to the office created to carry out the objectives

- d. of the Local Investment and Incentives Code of the Municipality of Narvacan and it serves as the lead office tasked to assist the Board in the implementation of all activities concerning investments and investment policies.
- e. **Narvacan Economic and Investment and Incentives Officer (NEIIO)** - Shall refer to the person primarily tasked to formulate policies and directions in the promotion of investments in Narvacan.
- f. **Investment Priority Areas**- Shall refer to areas where investors can pour investments as identified by NIIB.
- g. **New Projects/Enterprises** – Projects/enterprises/activities listed in the Investment Priority Areas (IPAs) that have not started commercial operation undertaken by 1) a newly organized/ formed enterprise ; or 2) an existing enterprise that shall engage in an entirely distinct and different activity from its existing business operations; or the same activity provided it shall establish a new facility in an area not contiguous to the premises of its existing project and with new investments;
- h. **Expansion Projects** - Refers to the installation of additional facilities/equipment that will result in increased production capacity of the same product line within the same existing plant/facilities of the enterprise;
For service –type activities, the same principles applies:
- i. **Modernization Projects** – In general , modernization must result in any of the following:1)at least 25% substantial reduction of production cost of goods and services;2)upgrading of products/service quality of classification of the facility (e.g., hospitals, hotels, resorts to a higher class;
- j. **Existing Projects** – Projects that have started commercial operation at the time of application with the Board.

CHAPTER III

THE NARVACAN INVESTMENTS AND INCENTIVES BOARD

SECTION 3: **CREATION OF THE NARVACAN INVESTMENTS AND INCENTIVES BOARD.** There is hereby created a body to be known as the Narvacan Investments and Incentives Board.

SECTION 4. **COMPOSITION OF THE BOARD.** The composition of the Board shall be:

Chairman	-	Municipal Mayor
Vice Chairman	-	Private Sector
Members	-	Municipal Tourism Officer
		Municipal Agriculturist
		Municipal Treasurer
		Municipal Planning & Devt. Coordinator

Municipal Licensing Officer
Sangguniang Bayan Chairperson of the Committee
On Trade, Commerce and Industry
Sangguniang Bayan Chairperson of the Committee

On Ways and Means
Private Sector Representatives of significant
Business/industry duly accredited by the
Sangguniang Bayan

SECTION 5. **BOARD MEETING AND QUORUM.** The Board shall meet twice a year or as necessary, on such a day and time as it may fix. The presence of at least a majority of all the members shall constitute a quorum. All decisions and policies acted upon by at least the majority of the members present during the meeting, there being a quorum, shall be considered valid.

SECTION 6. **POWERS AND FUNCTIONS.** – The NIIB shall formulate policies and directions, promulgate rules and regulations and to prepare a masterplan on the identified priority investment areas necessary to implement the intent and provisions of this Code.

CHAPTER IV

THE NARVACAN ECONOMIC AND INVESTMENT PROMOTION CENTER (NEIPC)

Section 7. There is hereby created a Narvacan Economic and Investment Promotion Center herein referred to as NEIPC and shall be manned by a designated Narvacan Economic and Investment Promotion Officer herein referred to as NEIPO, and shall be under the direct supervision of the Municipal Mayor. The NEIPC shall be manned by three (3) personnel all of whom shall be chosen from the rank of the municipal employees assigned in concurrent capacity.

Section 8. **Functions of the NEIPC.** The NEIPC shall serve as the Technical Secretariat of the Board and shall take an active role in implementing the policies and directions of the NIIB, including the implementation of this Code.

CHAPTER V

INVESTMENT PRIORITY AREAS

Section 9. **Investment Priority Areas (IPAs).** In consultation with other Government Agencies and Private Sector the NIIB shall identify investment priority areas consistent with the municipal development thrusts, and parallel to the national priorities, taking into consideration the municipality's natural and manpower resources.

Section 10. **Review/Amendment of Priority Areas.** The Board, shall at any time it deems appropriate, recommend to the Sangguniang Bayan any change or modification in the investment priority areas for its approval and adoption which shall be made effective by way of an ordinance.

CHAPTER VI

REGISTRATION OF ENTERPRISES/QUALIFICATIONS

Section 11. **Registration Requirements. Pre-Qualification Requirements** – For purposes of applying for registration and availment of incentives under the NIIC, the following requirements must be complied with:

- a. The activity engaged in must be listed in the IPAs of the LGU;
- b. Specified percentage of its workforce must be bonafide resident of the LGU, giving equal opportunities for men, women, the poor, the indigenous people and the physically handicapped
- c. The activity engaged in must have safeguards against pollution and other environmental and health hazards
- d. All investors are encouraged to hire employees residing within the municipality and in cases where there are no available eligible residents, allow the employment of qualified foreign personnel where it is necessary for the efficient operation of the enterprise or for technology transfer.

Section 12. **Types of Projects for registration**

- a. New Projects
- b. Expansion Projects
- c. Modernization Projects
- d. Diversification Projects

Section 13. **Documentary Requirements**

A. Single Proprietorship

- i. Copy of Business Name Registration issued by the Department of Trade and Industry (DTI)
- ii. Copy of Audited Financial Statements (if existing)
- iii. Copy of completed application form for registration under this Code
- iv. Such other documents that may be required by the LGU
- v. Environmental Compliance Certificate (ECC) or Non Compliance Certificate (NCC), if applicable

B. For Partnership/Corporation

- i. Copy of the Articles of Partnership of Incorporation
- ii. Certified true copy of its Certificate of Registration issued by the Securities and Exchange Commission (SEC), for Corporation/Partnership
- iii. Certificate of good Standing from SEC, if the business is already existing
- iv. Resolution authorizing the filing of application by the applicant's Board of Directors
- v. Copy of Audited Financial Statements (If existing)
- vi. Environmental Compliance Certificate (ECC) or Non Compliance Certificate (NCC) , if applicable
- vii. Copy of completed application form for registration under this Code
- viii. Such other documents as maybe required by the LGU

C. For BOI Registered Enterprises

- i. Certificate true copy of the BOI Certificate of registration
- ii. Copy of the documents submitted to BOI pertaining to their registration

Section 14. **Registration Procedures**

- a. **Filing of Applications** – All applications shall be filed with the Local Economic and Investment Promotion Center (NEIPC).
- b. **Check Listing /Assessment of Documents** – Clients shall present documents for check listing to determine the completeness and consistency of information
- c. **Date of Official Acceptance** – Only complete application shall be officially accepted and registered in the Registration Book. The date stamped on the application shall be considered as the date of official acceptance of the application
- d. Notice of filing of application in the provincial, city, municipal or barangay hall shall suffice as publication requirement.
- e. The order of Payment of the necessary fees shall then be issued/
- f. **Evaluation / Approval of Application** - Once an application is officially accepted, the project will be evaluated by the NEIPC, which may conduct an ocular inspection at the premises of the business if necessary. The evaluation of the application shall be submitted to the Board for action. If the application is approved , the NEIPC shall notify the applicant and inform the Treasurer and the Assessor of such approval for their guidance and appropriate action . If the application is denied, the NEIPC shall inform the applicant in writing . In both cases, a Board Resolution shall be entered in the minutes of the meeting of the Board.

- g. **Processing Time** - The processing time from the date of official acceptance until action by the Board should be indicated. In the event the Board failed to act within 20 working days, the application is construed to be approved.

Section 15. **Certificate of Registration** – Upon approval, an enterprise shall be issued a Certificate of Registration which shall state among others, the following:

- i. Name of the Registered Enterprise
- ii. The Investment Priority Area (IPA) in which the registered enterprise will engage.
- iii. The incentive granted and period of its availment
- iv. Such other terms and conditions to be observed by virtue of its registration

CHAPTER VII

INCENTIVES

Section 16. Review of Investment Incentives and Support Measures. To promote the growth of investments in the municipality particularly in the preferred investment areas, the Board shall review the package of incentives and support measures once in every five (5) years and shall recommend for approval by the Sangguniang Bayan the appropriate fiscal and non-fiscal incentives that the government grants to investors and enterprises.

Section 17. **Fiscal Incentives.** A registered enterprise shall enjoy a tax discount based on the following schedules:

1)

CAPITALIZATION ENTERPRISE	NEW ENTERPRISE	EXISTING
Micro Business Enterprise	15%	5%
Small Scale Enterprise	20%	10%
Medium Scale Enterprise	25%	15%
Large Scale Enterprise	30%	20%

2) Existing enterprises refers to those businesses/ventures that are due for expansion, diversification and modernization, provided that for purposes of tax incentives/discounts shall pertain only to that which was expanded, diversified and modernized;

3) The duration of all incentives shall be for a period of three (3) years;

4) Additional incentive shall be given to enterprises that can provide out of its labor force regular employment of not less than 60% for the total labor force.

The said additional incentive shall be equal to a 10% additional discount on their business tax with duration of one (1) calendar year with the opportunity to renew on a yearly basis for up to three (3) years inclusive of the first year when granted.

5) BOI registered Large Scale Enterprises are also given incentives as provided under RA 5186.

Section 18. **Non-Fiscal Incentives.** All registered and qualified enterprises can avail of the Municipal Investment Promotion Center's service catering to the following:

- a) Assistance in hiring local skills qualified for business enterprise needs;
- b) Sourcing out available local materials needed by the business enterprise;
- c) Provision of one-stop-shop in the processing of their business permits, location clearance; building permits and other local licenses/permits;
- d) Promotion, marketing of products or endorsement of service offered;
- e) Assistance in site selection and negotiation for right of way;
- f) Assistance in labor recruitment and arbitration; and
- g) Other non-fiscal incentives as may be determined by the Board.
- h) Assistance given to BOI-registered MSMEs are as follows:
 - a. Preparation of simplified project application
 - b. Identification of MSMEs support companies
 - c. Exemption/ Reduced payment of application and registration fees
 - d. Exemption from the 25% equity requirement
 - e. Reduction of application fee for incentives
 - f. Posting of notice of filing of application in the provincial, municipal or barangay hall in lieu of the publication in newspaper of general circulation
 - g. Simplified documentary , reportorial requirements and applications for incentives

CHAPTER VIII

RIGHTS AND PRIVILEGES

Section 19. **Rights and Privileges.** The Municipal Government of Narvacan under its Investment and Incentives Code and through the Narvacan Investment Board are entitled to the Rights and Privileges provided under this Code and other pertinent laws, viz:

- a) Provide concise and comprehensive information to prospective investors regarding the economic priorities of the municipality, target investment areas, and the general conditions applicable to incoming private investments;
- b) Disseminate the investment evaluation criteria and registration procedures to enhance government transparency in the process of granting incentives;
- c) Take into full account, the needs of investors to sustain stability, growth, profit and in the formulation or modification of policies and ordinances that affect investment;
- d) Abide and respect arrangement with investors after the details of the implementation of an investment project has been accepted and approved, and the ownership and management structure of the enterprise has been established, unless the law provides otherwise;
- e) Prevent undue distortion of competition between and among enterprises operating within the territorial jurisdiction of the municipality whether domestic or foreign investors when granting any special exemption incentives aimed at encouraging investment in the identified target areas; and
- f) All investors are encouraged to hire employees residing within the municipality and in cases where there are no available eligible residents, allow the employment of qualified foreign personnel where it is necessary for the efficient operation of the enterprise or for technology transfer.

CHAPTER VIII

MISCELLANEOUS PROVISIONS

Section 20. **Visiting Power of the Board.** The Municipal Mayor or his duly authorized representative, the Sangguniang Bayan members and the members of the Municipal Investment and Promotions Board, in the effective exercise or performance of their functions are authorized to conduct ocular inspection of the premises of the registered enterprise or those applying for registration, including the records and books at any reasonable time of the day for verification whether there is strict compliance with the provisions of this Code.

Section 21. **Monitoring and Evaluation.** The NIPC shall monitor and evaluate project implementation for purposes of ensuring that the objectives of the projects are accomplished.

CHAPTER IX

BUDGET ALLOCATION

Section 22. **Budget Allocation.** Appropriation covering the expenditures to operationalize the Narvacan Investment and Incentive Board and the Narvacan Investment and Incentives Promotion Center shall be derived from the 1% of the General Fund.

CHAPTER X

FINAL PROVISIONS

Section 23. a. **Penal Clause.** A violation of any of the provisions of the code shall be ground for the cancellation or revocation of the Certificate of Registration of the Project or business. The cancellation or revocation of the Certificate of Registration shall mean the withdrawal of all the incentives granted under this Code, and all fees charges previously exempted shall become due and demandable.

a. **Grounds for Cancellation of the Certificate of Registration :**

- i. Violation of the provisions of the Code and such other violation of laws, rules and regulation or ordinances
- ii. Violation of the terms and conditions specified in the Certificate of Registration
- iii. Material misrepresentation

b. **Appeal from the decision of the NIIB.** The applicant or business enterprise adversely affected by any decision of the Board relative to its cancellation/ revocation of registration or the impositions of fines/ penalties in accordance with this Code may file a motion for reconsideration within 15 days from receipt of the decision, otherwise the decision shall become final and executory.

c. **Refund and Penalties.** In case of the cancellation of the Certificate of Registration, the NIIB shall require the refund of incentives availed of and impose corresponding fines and penalties.

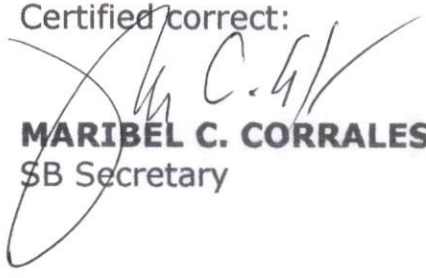
Section 24. **Separability Clause.** If, for any reason , any portion or provisions, section or part of the code is declared not valid by a Court of competent jurisdiction or suspended or revoked by the Sanggunian , such judgment shall not affect or impair the remaining portions , provisions, sections, or parts thereof which shall remain or contribute to be in full force and effect

Section 25. **Repealing Clause.** All ordinances , rules and regulations (or part thereof) in conflict with or inconsistent with any provisions of the Code ,shall be considered repealed, amended or modified accordingly.

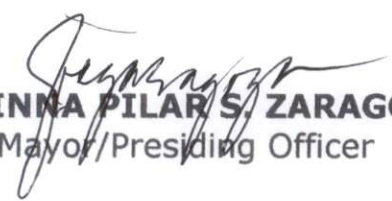
Section 26. **Effectivity.** The ordinance or the Local Investment and Incentives Code, shall take effect immediately upon or after a specified period of its approval.

ENACTED this 5th day of December 2016.

Certified correct:

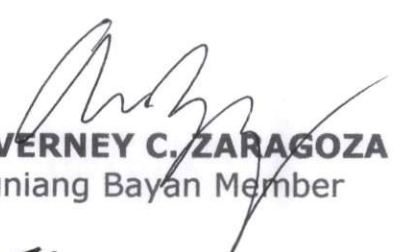

MARIBEL C. CORRALES
SB Secretary

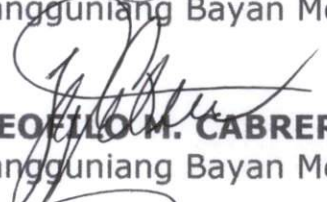
Attested:



FAYINNA PILAR S. ZARAGOZA
Vice Mayor/Presiding Officer

CONFORME:


JOSEPH A. TEJADA
Sangguniang Bayan Member


AVEL VERNEY C. ZARAGOZA
Sangguniang Bayan Member


TEOFILO M. CABRERROS
Sangguniang Bayan Member


LUIS "CHAVIT" C. SINGSON
Sangguniang Bayan Member


RAFAEL C. CACHOLA
Sangguniang Bayan Member


ROSALINDA C. CABANILLA
Sangguniang Bayan Member


BENEDIX "BX" DELA CUADRA
Sangguniang Bayan Member


KAYSIE T. POTENCION
Sangguniang Bayan Member

ROMULO C. REA
ABC President

Approved:


ZURIEL S. ZARAGOZA
Municipal Mayor