

**GUIDELINES ON THE REGISTRATION OF INFORMATION TECHNOLOGY
ENTERPRISES
AND THE ESTABLISHMENT AND OPERATION OF IT PARKS / BUILDINGS**

(Approved by the PEZA Board on 29 December 2000)

PEZA shall encourage and support investments of Information Technology (IT) Enterprises, as well as the establishment and operation of IT Parks / Buildings to serve as readily available suitable locations for their operations, in order to accelerate the growth and development of the Philippine IT sector.

In this connection, PEZA shall implement the following guidelines on the registration of IT Enterprises and IT Parks and Buildings, for availment of incentives provided under Republic Act No. 7916 (The Special Economic Zone Act of 1995), as amended by Republic Act No. 8748.

I. Definition of Information Technology, IT Enterprises and IT Parks and Buildings

In connection with the PEZA registration of IT Enterprises and IT Parks and Buildings, for availment of incentives provided under R.A. No. 7916, as amended by R. A. No. 8748, the following definitions shall apply:

- "Information Technology" or "IT" is the collective term for the various technologies involved in processing and transmitting information, which include computing, multimedia, telecommunications, microelectronics and their interdependencies. Also called "informatics" or "telematics", the term "IT" is now also often used to refer to the convergence of various information-based, broadcast and mass media communication technologies. (NITC 1997);
- "IT Service Activities" are activities which involve the use of any IT software and / or system for value addition;
- "IT Enterprises" are companies operating / offering IT services;
- "IT Park" is an area which has been developed into a complex capable of providing infrastructures and other support facilities required by IT Enterprises, as well as amenities required by professionals and workers involved in IT Enterprises, or easy access to such amenities.
- "IT Building" is a building, the whole or part of which has been developed to provide infrastructures and other support facilities required by IT Enterprises, and which may also provide amenities required by professionals and workers involved in IT Enterprises, or easy access to such amenities.
- "Facilities-Providers" are owners / operators of buildings and other facilities inside economic zones / IT Parks which are leased to PEZA-registered locator enterprises.

II. Information Technology Service Activities Registrable with PEZA for Enjoyment of Incentives

IT service activities registrable with PEZA for enjoyment of incentives shall include:

- Software development and application, including programming and adaptation of system softwares and middlewares, for business, media, e-commerce, education, entertainment, etc.;
- IT-enabled services, encompassing call centers, data encoding, transcribing and processing; directories; etc.;
- Content development for multi-media or internet purposes;
- Knowledge-based and computer-enabled support services, including engineering and architectural design services, consultancies, etc.;
- Business process out-sourcing using e-commerce;
- IT research and development; and
- Other IT related service activities, as may be identified and approved by the PEZA Board.

An IT Enterprise operating any of the above-listed IT service activities may register with PEZA for availment of incentives provided under R. A. No. 7916, as amended by Republic Act No. 8748, provided it physically locates inside a PEZA-registered IT Park, Building or special economic zone, which is covered by the required Presidential Proclamation.

III. Requirements for PEZA Board Approval and Registration of IT Enterprises

IT Enterprises may apply for PEZA registration for availment of incentives by submitting the following requirements:

- Application Form (notarized)
- Corporate Profile (including that of parent company, if applicable) which should include:
 - Brief company history
 - Existing or proposed business activities and projects
 - List of affiliated companies registered with PEZA
 - List of affiliated companies registered with the Board of Investments (BOI) and copies of the Certificates of Registration with Terms and Conditions and annual reports submitted, if applicable
 - Principal officers and biodata
 - Audited Financial Statements (for the last 3 years for existing companies)
- Certificate of Registration with SEC and updated Articles of Incorporation
- Board Resolution authorizing the filing of application with PEZA and designating the representative(s) authorized to transact registration with PEZA
- Project Brief (i.e., Information on Market, Technical, Financial and Management aspects of the project to be registered)

IV. Incentives for PEZA-Registered IT Enterprises

PEZA shall grant registered IT Enterprises the following incentives

- Income Tax Holiday for four (4) years for Non-Pioneer IT Enterprises, or six (6) years for Pioneer IT Enterprises;

- After the ITH period, the option to pay a special 5% tax on gross income earned, in lieu of all national and local taxes, except real property taxes on land owned by developers;
- Exemption from payment of import duties and taxes on imported machinery and equipment and raw materials;
- Additional deduction equivalent to 50% of training expenses, chargeable against the 3% share of the national government in the special 5% tax on gross income;
- Permanent resident status for foreign investors with initial investments of US\$ 150,000.00 or more;
- Employment of non-resident aliens required in the operation of IT Enterprises; and
- Other incentives, as may be determined by the PEZA Board.

V. PEZA Registration of IT Parks and Buildings

A. IT Parks and Buildings Located in Metro Manila Metro Manila is the area that covers the 12 cities of Manila, Caloocan, Las Pinas, Makati, Mandaluyong, Marikina, Muntinlupa, Paranaque, Pasay, Pasig, Quezon and Valenzuela and the 5 municipalities of Malabon, Navotas, Pateros, San Juan and Taguig.

PEZA shall register IT Parks and Buildings located in Metro Manila, to serve as locations for PEZA-registered IT Enterprises, subject to the following conditions:

- An IT Park or Building in Metro Manila may be an existing, new or proposed complex or building with a minimum available business floor area of 5,000 square meters (including common areas such lobbies, elevator / stairways, corridors, wash rooms / rest rooms / toilets and utility areas, but excluding parking areas and roof gardens);
- IT Parks and Buildings in Metro Manila shall provide the following minimum facilities required by locator IT Enterprises:
 - High-speed fiber-optic telecommunication backbone and high-speed international gateway facility or wide-area network (WAN); or any high speed data telecommunication system that may become available in the future;
 - Clean, uninterruptible power supply; and
 - Computer security and building monitoring and maintenance systems (e.g. computer firewalls, encryption technology, fluctuation controls, etc).

Optionally, IT Parks and Buildings in Metro Manila may also provide IT business and technology incubation centers and facilitate access of locator IT Enterprises to IT research and development centers and training and educational institutions / facilities.

- Owners and / or developers of PEZA-registered IT Parks and Buildings in Metro Manila shall not be entitled to enjoy PEZA incentives; provided, that owners and / or developers of IT Parks in Metro Manila already covered by Presidential Proclamations and / or approved by the PEZA Board prior to the PEZA Board approval of this Guidelines, including facilities-providers in such IT Parks, shall be entitled to PEZA incentives.

- IT Parks and Buildings located in Metro Manila shall become operational (i.e., authorized to serve as location for PEZA-registered IT Enterprises) only upon the issuance of the required Presidential Proclamation.

B. IT Parks To Be Located Outside Metro Manila

PEZA shall register IT Parks outside Metro Manila, subject to the following conditions:

- IT Parks outside Metro Manila shall have a minimum land area of five (5) hectares;
- IT Parks outside Metro Manila shall provide the following minimum facilities required by locator IT Enterprises:
 - High-speed fiber-optic telecommunication backbone and high-speed international gateway facility or wide-area network (WAN); or any high speed data telecommunication system that may become available in the future;
 - Clean, uninterruptible power supply; and
 - Computer security and building monitoring and maintenance systems (e.g. computer firewalls, encryption technology, fluctuation controls, etc).

Optionally, IT Parks outside Metro Manila may also provide IT business and technology incubation centers and facilitate access of locator IT Enterprises to IT research and development centers and training and educational institutions / facilities.

- IT Parks located outside of Metro Manila shall become operational (i.e., authorized to serve as location for PEZA-registered IT Enterprises) only upon the issuance of the required Presidential Proclamation.
 - Owners and / or developers of PEZA-registered IT Parks outside Metro Manila, including facilities providers in the IT Parks, shall be entitled to avail of the following incentives:
 - Income Tax Holiday for four (4) years, or six (6) years for IT Zones located in less developed areas listed in the Investment Priorities Plan, on income earned from locator IT Enterprises and related operations;
 - After the ITH period, the option to pay a special 5% tax on gross income earned from locator IT Enterprises and related operations, in lieu of all national and local taxes, except real property taxes on land owned by developers;
 - Permanent resident status for foreign investors with initial investments of US\$ 150,000.00 or more; and
 - Employment of non-resident aliens required in the operation of IT Enterprises.

VI . Requirements for PEZA Board Consideration, President Proclamation and Registration of IT Parks and Buildings

Owners / developers of IT Parks and/or Buildings may apply for PEZA registration by submitting the following requirements:

A. PEZA Board Consideration of a Proposed IT Park or Building

- Application Form (notarized)
- Anti-Graft Certificate (notarized)
- SEC Registration Certificate and updated Articles of Incorporation;
- Board Resolution authorizing the filing of application with PEZA and designating the representative(s) authorized to transact registration with PEZA;
- Audited Financial Statements (for the last three (3) years of operation, for existing companies)
- IT Park / Building Project Description and / or Feasibility Study, which should provide, among others, information on the financial capability of the proponent, present and proposed land use of the area for the IT Park / Building, and development plan and schedule for the proposed IT Park/Building;
- Vicinity map reflecting the various land uses and important verifiable landmarks within one (1) kilometer radius of the project site
- Proof of land ownership or any perfected contract / document confirming the applicant's authority / clearance to use the land for the establishment of the proposed IT Park / Building
- Endorsement by the Sangguniang Bayan / Panlungsod of all local government units (i.e. municipalities and / or cities) of all areas included in the proposed IT Park / Building
- Certification from the Department of Agriculture that the area for the proposed IT Park / Building is not or has ceased to be economically feasible and sound for agricultural purposes (i.e. the area is marginal for agricultural use)
- DAR Conversion Clearance or Exemption Certificate (or HLURB Zoning Certification, if applicable)
- Other requirements as may be prescribed by the PEZA Board

B. PEZA Endorsement of a Proposed IT Park or Building to the Office of the President for the Issuance of a Presidential Proclamation

- Proof of land ownership and / or Long-Term Lease Agreement on the area of the proposed IT Park / Building
- Verified survey returns and technical description of the land area
- Certification from the National Water Resources Board that the identified source(s) of water for the IT Park / Building shall not cause water supply and related problems in adjacent communities
- Environmental Compliance Certificate issued by the Department of Environment and Natural Resources
- Other requirements as may be prescribed by the PEZA Board

C. Signing of the PEZA Registration Agreement for an IT Park or Building Covered by Presidential Proclamations

- Detailed engineering and development plan and timetable
- Other requirements as may be prescribed by the PEZA Board