



Fiscal Incentives Registration for Energy Projects under the CREATE Act

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The Philippines under CREATE

As the Philippines continues to recover from the COVID-19 pandemic and address long-standing structural concerns in the business and investment climate, the country also seeks to attract new investments that will enhance domestic value chains, drive research and development, as well as create quality jobs and upskill the workforce.

Under the **Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)**, the Philippines has reduced the corporate income tax rate from 30% to 20% for domestic micro, small, and medium enterprises and lowered the tax rate to 25% for all other corporations. CREATE also offers an enhanced menu of performance-based tax incentives for potential investors. Its implementation complements the country's solid macroeconomic fundamentals, strong local market, and young talented workforce.

NEW CORPORATE INCOME TAX RATES UNDER CREATE

BUSINESS

Domestic corporations

With net taxable income of not more than P5 million and total assets of not more than P100 million

TAX RATES

20%

Other domestic corporations

25%

Foreign corporations

25%

DOING BUSINESS UNDER CREATE:

A modern incentive system that allows businesses to **do well** while **doing good for the country**.



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Tax Incentives System under the CREATE

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Fiscal Incentives under the CREATE Act

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Income Tax Holiday (ITH)

- ITH of 4 to 7 years, depending on the location and industry
- Relocation from NCR: additional ITH of 3 years
- Located in areas recovering from disaster/conflict: additional ITH of 2 years

Special Corporate Income Tax (SCIT)

- 5 percent SCIT for 10 years (only for export enterprises)

Duty exemption of up to 17 and 12 years for export and domestic enterprises from the date of registration, respectively, unless otherwise extended under the SIPP

Enhanced Deductions (ED)

- Depreciation allowance (10% for buildings, 20% for machinery)
- Labor expense (150%)
- Research and development (200%)
- Training expense (200%)
- Domestic input expense (150%)
- Power expense (150%)
- Reinvestment allowance to the manufacturing industry (Up to 50%)
- Enhanced NOLCO – losses during the first 3 years may be carried over within the next 5 consecutive years

Value-added tax (VAT) exemption and zero-rating of registered export enterprises of up to 17 years from the date of registration, unless otherwise extended under the SIPP

The direct and exclusive use for the registered project or activity was expanded to include packaging materials, services, including the provision of basic infrastructure and utilities.

Period of Availment of Incentives

PERIOD OF AVAILMENT OF INCENTIVES (Industry tiers are determined in the SIPP)

For exporter activities

LOCATION/ INDUSTRY TIERS	TIER I	TIER II	TIER III
National Capital Region (NCR)	4 ITH + 10 ED/SCIT	5 ITH + 10 ED/SCIT	6 ITH + 10 ED/SCIT
Metropolitan areas or areas contiguous and adjacent to NCR	5 ITH + 10 ED/SCIT	6 ITH + 10 ED/SCIT	7 ITH + 10 ED/SCIT
All other areas	6 ITH + 10 ED/SCIT	7 ITH + 10 ED/SCIT	7 ITH + 10 ED/SCIT

For domestic market activities

LOCATION/ INDUSTRY TIERS	TIER I	TIER II	TIER III
National Capital Region (NCR)	4 ITH + 5 ED	5 ITH + 5 ED	6 ITH + 5 ED
Metropolitan areas or areas contiguous and adjacent to NCR	5 ITH + 5 ED	6 ITH + 5 ED	7 ITH + 5 ED
All other areas	6 ITH + 5 ED	7 ITH + 5 ED	7 ITH + 5 ED

The President, upon the recommendation of the FIRB, may modify the mix, period or manner of availment of incentives for highly desirable project or specific industrial activity. Provided that the total period of ITH shall not exceed 8 years and the total period of incentives shall not exceed 40 years.

Qualified expansion projects or activities defined under Rule 1, Section 4(U), may be granted three (3) years ITH followed by the enhanced deductions or SCIT, as applicable.

The expansion project or activity may also be entitled to duty exemption, VAT exemption on importation and VAT zero-rating on local purchases.

Strategic Investment Priority Plan (SIPP)

TIER 1



COVID-19 qualified activities



Manufacturing



Agriculture, fishery, forestry



Strategic services



Healthcare



Mass housing



Infrastructure and logistics



Innovation drivers



Inclusive Business (IB) models



Environment



Energy



Special laws



Export activities

TIER 2



Green ecosystems



Health-related activities



Defense-related activities



Industrial value-chain gaps



Food security-related activities



Renewable energy

TIER 3



R&D activities adopting advanced digital production technologies of the fourth industrial revolution



Highly technical manufacturing and production of innovative products and services



Establishment of innovation support facilities

Energy projects in the SIPP

TIER 1



- Power generation projects using utilizing conventional fuels (i.e., coal, diesel, bunker, and natural gas) waste heat and other wastes.
- Establishment of battery energy storage systems.
- Liquefied natural gas (LNG) storage and regasification facilities.
- Pipeline for oil and gas.

TIER 2



- Renewable energy (RE) projects (*also eligible under RA No. 9513 [Renewable Energy Act of 2008]*)
- Energy efficiency and conservation projects
- Energy storage technologies
- Electric vehicle (EV) related projects (assemblies, manufacturing)
- Electronic devices and circuits

TIER 3



- Research and development activities related to energy projects



Processing and Evaluation of Tax Incentives Applications

Processing and Evaluation of Applications

Php 1 billion and below

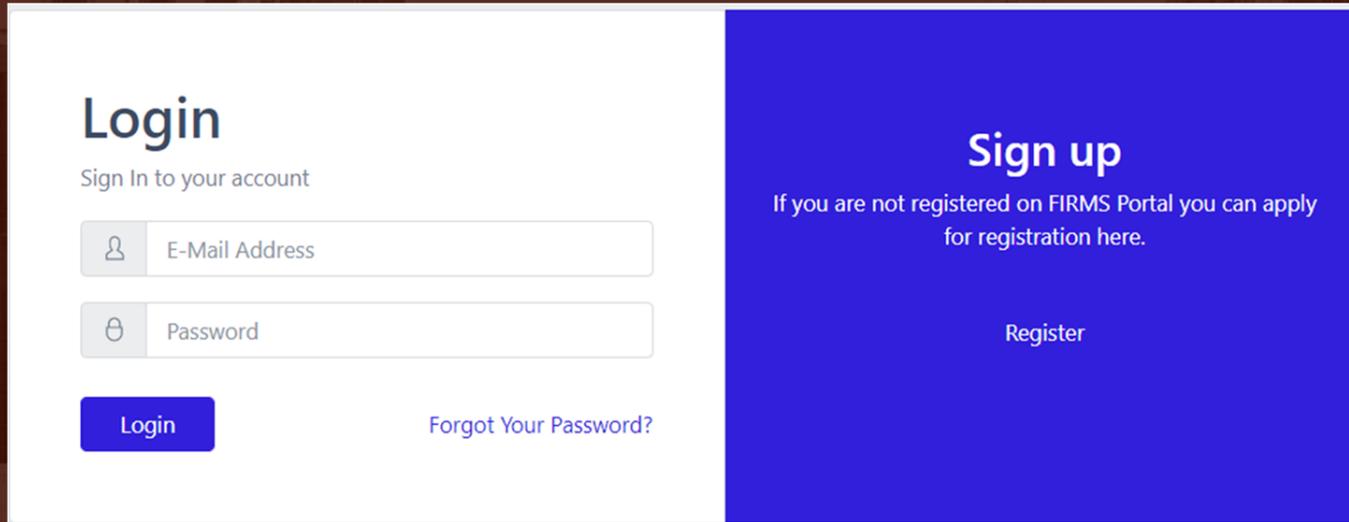
The respective Investment Promotion Agencies (IPAs) approve projects with investment capital of P1 billion and below, as delegated by the FIRB.

Above Php 1 billion

The approval of the FIRB is required for projects with investment capital above P1 billion, as endorsed by the IPAs.

Fiscal Incentives Registration and Monitoring System (FIRMS)

FIRMS is an online registration and incentives application portal that serves as a single entry point for enterprises to submit their applications for incentives and track their status. FIRMS may be accessed through the FIRB website (<https://firb.gov.ph>).



The image shows a screenshot of the FIRMS web interface, divided into two main sections: a white login area on the left and a blue sign-up area on the right.

Login Section (Left):

- Header:** "Login" in a large, bold, dark font.
- Sub-header:** "Sign In to your account" in a smaller, dark font.
- Form Fields:**
 - E-Mail Address:** A text input field with a person icon on the left.
 - Password:** A text input field with a lock icon on the left.
- Buttons:**
 - A blue "Login" button at the bottom left.
 - A blue link "Forgot Your Password?" at the bottom right.

Sign up Section (Right):

- Header:** "Sign up" in a large, bold, white font.
- Text:** "If you are not registered on FIRMS Portal you can apply for registration here." in white font.
- Button:** A white "Register" button centered at the bottom.

Cost-benefit Analysis (CBA)



Fiscal CBA of incentives



Economic CBA of incentives



Target Outcomes of the CREATE Act

- a. Productivity enhancement;
- b. Employment generation;
- c. Countrywide development; and
- d. More inclusive economic growth.



Redundancy of incentives



Performance Commitments and Monitoring



1. Fulfillment of performance commitments (e.g., investments, jobs) to continue enjoying the tax incentives granted
2. Monitoring of the impact of tax incentives to assess the gains and ensure improved governance
3. Results of the monitoring and evaluation to impact future improvements on policies

Energy projects registered in the CREATE Act

Project	IPA	Approved investment capital (PHP millions)
Diesel Power Plant	BOI	663.1
Waste Heat Recovery (WHR) Power Generating Plant	BOI	531.2
LNG Storage and Regasification facility	BOI	24,312.1
Manufacture of Hydrogen Gas	PEZA	30.9
Hydrogen Plant for distribution	PEZA	185.7
Oil Extraction and Exploration	BARMM-BOI	998.0
Total		26,721.0



Thank you!

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