



**Republic of the Philippines  
Province of Ilocos Norte  
CITY OF LAOAG**

**OFFICE OF THE SANGGUNIANG PANLUNGSOD**

**EXCERPT FROM THE MINUTES OF THE 145<sup>TH</sup> REGULAR SESSION OF THE 6<sup>TH</sup> SANGGUNIANG PANLUNGSOD OF LAOAG HELD AT THE SESSION HALL ON MAY 30, 2007.**

**PRESENT:**

- |  |  |
|--|--|
| 1. Hon. Yvonne B. Ranada               | S.P. Member & Acting Presiding Officer |
| 2. Hon. Juan Conrado A. Respicio II    | S.P. Member                            |
| 3. Hon. Vicentito M. Lazo              | S.P. Member                            |
| 4. Hon. Conchita L. Blanco             | S.P. Member                            |
| 5. Hon. Romeo John P. Cabarrubias      | S.P. Member                            |
| 6. Hon. Modesto Melvin M. de la Cuesta | S.P. Member                            |
| 7. Hon. Constante F. Dancel, Jr.       | S.P. Member                            |
| 8. Hon. Edison U. Chua                 | S.P. Member                            |
| 9. Hon. Benjamin A. Cabacungan, Sr.    | S.P. Member (ABC Rep.)                 |
| 10. Hon. Althea Katrina F. Castro      | S.P. Member (SK Rep.)                  |

**ABSENT:**

- |                                      |                   |
|--------------------------------------|-------------------|
| 11. Hon. Marlon Wayne D. Manuel      | Acting City Mayor |
| 12. Hon. Primo Jay S. Ramos          | S.P. Member       |
| 13. Hon. Christian Rafael F. Peralta | S.P. Member       |

**CITY ORDINANCE NO. 2007-036  
Series of 2007**

**AN ORDINANCE ENACTING THE LAOAG CITY INVESTMENT INCENTIVE CODE OF 2007 AND FOR OTHER PURPOSES**

**WHEREAS**, many developing countries have adopted compensating investment codes of other investment incentives laws for several reasons, with intent of encouraging and promoting private investments, both domestic and foreign, removing thereby the numerous forces that distort the market;

**WHEREAS**, investment incentives legislation in a global trend offered by developing countries as a result of efforts to integrate local economies with the national economy, resulting in incentives increasingly being harmonized and standardized over international boundaries, while granting of incentives is a prerogative of the Sangguniang Panlungsod under Sec. 468 (2) (ii) of R.A. 7160, otherwise known as the Local Government Code of 1991;

**WHEREAS**, foreign investors, in particular, will seek to ensure that they enjoy the same rights under laws as domestic investors, particularly in terms of economic regulations and the impact of other policies;

**WHEREAS**, it is the ardent desire of the City to be in a more competitive economic position and make it a better place to live in through improved economic activities, resulting from the entry of more investments, domestic or foreign;

**WHEREAS**, the City of Laoag, being the gateway of the Northwestern Luzon Growth Quadrangle, is opening her doors to investors, and can compete with other investment targets only through attractive, beneficial and feasible incentives granted to investors;

**WHEREFORE**, upon motion of Hon. Modesto Melvin de la Cuesta, duly seconded by Hon. Benjamin A. Cabacungan, Sr., this Body ordains that:

**CHAPTER I. GENERAL PROVISIONS**

**Section 1. Title.** This Ordinance shall be known and cited as the *Laoag City Investment Incentive Code of 2007*.

**Section 2. Declaration of Policy**

- a. To accelerate the over-all development of the City in accordance with its development plan and the national development thrust, it is hereby declared to be the policy of the City to encourage new investments or expansion areas or diversification in agro-business, manufacturing, tourism, infrastructure, property development and such other vital areas of investments as may be determined from time to time, which will provide employment opportunities, raise the standard of living of the people, and to provide for an equitable distribution of wealth;
- b. The City welcomes and encourages domestic and foreign investments to establish economic enterprises that would utilize substantial amount of labor, raw materials and natural resources of the City.

- c. It is further declared a City policy to promote the establishments and operation of non-government organizations to serve as active partners in achieving local autonomy.
- d. Uphold the business enterprise as the basis of economic growth, expansion and change.
- e. Encourage and support private sector initiatives, not compete with them.

**Section 3. Objectives of the Code.** This code is enacted for the following objectives:

- a. To encourage private Filipino and foreign investments in agriculture, industry, forestry, mining, tourism, and other sectors of the economy in order to provide employment opportunities in relation to the amount of capital invested;
- b. To increase the productivity of the land, and of the forest, mineral, aquatic and other resources of the city;
- c. To improve the utilization of these products; and
- d. To improve the technical skill of the people and provide a basis for development of the economy of the city.

**Section 4. Operative Principles.** This Code is based upon the following principles:

- a. A private sector led economy, with the private sector as the principal engine of economic growth;
- b. Pursuit of a free enterprise system that is both socially responsible and dynamic;
- c. Uphold the business enterprise as the basis of economic growth, expansion and change;
- d. Encourage and support private sector initiative, not compete with it; and
- e. Assist the private sector in creating just and viable socio-economic structures in trade and industry, which are conducive to greater productivity and income.

**Section 5. Definition of Terms.** When used in this Code, the following terms and phrases shall mean as follows:

- a. **“Board”** shall refer to the Laoag City Investment Incentive Board created under this Code.
- b. **“Code”** shall refer to the Laoag City Investment Incentive Code of 2007.
- c. **“Existing establishments or enterprises”** shall refer to those establishments or enterprises whose places of operation or production are located within the territorial jurisdiction of Laoag City.
- d. **“New Investors or Enterprises”** shall refer to those prospective investors who have not engaged in any kind or type of business in Laoag City and are interested in establishing their places of operation or production in the City.
- e. **“Preferred Areas of Investments”** shall refer to economic activities that have been approved and declared, as such by the Board, after a thorough study and evaluation.
- f. **“Registered enterprises”** shall mean those enterprises or businesses registered in accordance with the provisions of this Code.

## **CHAPTER II. THE LAOAG CITY INVESTMENT INCENTIVE BOARD AND THE INVESTMENT PROMOTION CENTER**

**Section 6. The Laoag City Investment Incentive Board.** There is hereby created the Laoag City Investment Incentive Board (LCIIB) to implement the provisions of this Code.

**Section 7. Composition of the Board.** The Board shall be composed of the following:

Chairman - City Mayor  
Vice-Chairman - City Vice-Mayor

Members:

Chairman, Sangguniang Panlungsod Public Works Committee  
Chairman, Sangguniang Panlungsod Appropriations Committee  
Chairman, Sangguniang Panlungsod Tourism, Trade, Commerce and Industry Committee  
Chairman, Sangguniang Panlungsod Agriculture Committee  
Chairman, Sangguniang Panlungsod Environmental and Natural Resources Committee  
City Administrator  
City Environment and Natural Resources Officer  
President, Philippine Chamber of Commerce and Industry, Laoag City Chapter  
President, Filipino-Chinese Chamber of Commerce and Industry, Laoag City Chapter  
Department of Social Welfare and Development  
Department of Trade and Industry  
Department of Environment and Natural Resources  
Department of Tourism  
Chairman, Laoag City Tourism and Social Concerns Council

Provided, That membership of the Board may be increased by the Sangguniang Panlungsod through the recommendation of the Board as it may deem necessary for the effective implementation of the provisions of this Code.

**Section 8. Powers, Duties and Functions of the Board.** The functions of the Board shall be to establish favorable and stable policy on business climate which will encourage and support private sector investments and operation of business activities consistent with the development needs of the City of Laoag. Pursuant to this, the Board shall be vested with the following powers:

- a. To promulgate the Implementing Rules and Regulations of the provisions of this Code;
- b. To screen, evaluate, accept and approve or disapprove applicants who wish to avail of this investment incentives and privileges and to issue Certificates of Registrations;
- c. To conduct investment promotional activities such as trade and investments missions, business conferences, fora, publication of promotional documents and flyers, and other related promotional and developmental activities for the purpose of generating investments and employment.
- d. To commission economic and technical research groups for the purpose of identifying priority investment areas and/or activities to be promoted as well as appropriate support measures which should be extended to investors;
- e. To adopt a short and medium term investment promotion program, which shall specify the list of priority investment areas and activities and the provision of corresponding incentives and support measures to be used to attract targeted investors;
- f. To enter into any agreement with other government agencies and/or private sector organizations for the purpose of simplifying systems, procedures and requirements on investments and business operations in Laoag City;
- g. To periodically check and verify the compliance of registered enterprises with the relevant provisions of this Code, with its implementing Rules and Regulations promulgated under this Code and with the terms and conditions of registration;
- h. After due notice, may cancel the registration or suspend the enjoyment of incentives or benefits of any registered enterprise for (i) failure to maintain the qualifications required by this Code for registration with the Board, or (ii) for violation of any provisions of this Code, of the Implementing Rules and Regulations issued under this Code, and of the terms and conditions of registration;
- i. Generally, exercise all functions and powers to or incidental to the attainment of the objectives of this Code.

**Section 9. Powers and Functions of the Chairperson.** The Chairperson of the Board shall have the following powers and functions.

- a. Confirm the mandated membership of the Board from the Vice-Chairperson and the members including the advisory members;
- b. To preside over regular and special meetings of the Board;
- c. To render annual reports to the city and such special reports as maybe required;
- d. To act as liaison between investors seeking joint venture arrangements in particular areas of investments;
- e. To recommend to the Board such policies and measures that are deemed necessary to carry out the objectives of this code; and
- f. Exercise such other powers and perform such other duties as maybe authorized by the Board from time to time.

**Section 10. Powers and Functions of the Vice-Chairperson.** The Vice-Chairperson of the Board shall have the following powers and functions:

- a. To act as managing Head of the Board;
- b. Preside over regular and special meetings of the Board in the absence of the Chairperson; and
- c. Perform such other duties of the Chairperson in the absence of the latter and such other duties as maybe assigned to him by the Board.

**Section 11. Meetings and Quorum of the Board.** The Board shall meet at least once every quarter or as often as may be necessary, 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.

**Section 12. The Laoag City Investment Promotions Center.** There is hereby created a Laoag City Investment Promotions Center (LCIPC) which shall serve as the Secretariat of the Board and whose members shall also be determined by the Board. The Head of the Center who shall be appointed by the Chairman of the Board shall automatically serve as Secretary to the Board.

**Section 13. Functions of the Center.** In addition, the center shall have the following functions:

- a. Undertake pro-active and re-active investment generations efforts;
- b. Provides hands-on services to potential investors;
- c. Assist in (i) securing licenses and permits, (ii) arranging for the availment of local and national government incentives, and (iii) identifying business or joint-venture partners, raw materials suppliers, possible business sites, and other requirement of investors;
- d. Provides investment data banking services that will contain, among others, general business information, information on economic activities and factory costs and sites characteristics;

- e. Accept, process and evaluate all applications for registration for availment of local incentives and submit its recommendations for action by the Chairman of the Board within ten (10) days from the receipt of the application;
- f. Establish and maintain networking relationships with other offices, agencies and NGO's/PO's whenever appropriate and necessary;
- g. Prepare the agenda meetings of the Board; and
- h. Prepare annual report of the activities of the Center and the Board within sixty (60) days after the end of the calendar year.

**Section 14. Funding.** An initial funding in the amount of One Million Pesos (~~₱~~1,000,000.00) shall be appropriated from the funds of the City Government to defray expenses necessary or incidental to the implementation of the provisions of this Code. The Laoag City Investment Incentive Board and the Laoag City Investment Promotions Center shall appropriate annually, based on a budget presented by the Board, the necessary funding requirements which is deemed necessary for the continued implementation of the provisions of this Code, subject to usual government accounting and auditing rules and regulations.

### **CHAPTER III. RIGHTS AND OBLIGATIONS OF THE CITY GOVERNMENT AND INVESTORS**

**Section 15. Rights and Obligations of the City Government.** To enhance investor confidence in the investment incentive program, the City through the Laoag City Investment Incentive Board shall:

- a. Clearly publicize to prospective investors the economic priorities of the city, including target investment areas and the general conditions applicable to incoming direct private investment;
- b. Communicate investment evaluation criteria and procedures to enhance transparency in the incentive granting process;
- c. In the formulation of qualifications, policies, rules and regulations that affect investments, take the fullest possible account of the need of investors in terms of stability, growth, and profitability in their operations;
- d. Avoid undue partiality between and among enterprises operating within the territorial jurisdiction of the city whether foreign or domestic, when granting any special incentives or exemptions aimed at encouraging investments in the identified areas;
- e. Resolve all doubts concerning the benefits and incentives granted under this ordinance enacted for the purpose of encouraging investment in favor of the investor;
- f. Not to interfere or modify arrangement with investors after the details of implementation of an investment project that has been accepted and approved, and the ownership and management structure of the enterprise been established;
- g. Not impose on enterprises wholly or partially foreign owned, taxes which are higher or more burdensome than to which domestic enterprises are subject; and
- h. Provide a stable tax system with gross sales or receipts and real property being taxed at rates, which do not discourage private investment.

**Section 16. Rights and Obligations of Investors and Registered Enterprises.** Investors and registered enterprises shall have the following rights and obligations:

- a. Ensure in consultation with the LCIIB that its proposed investments fits satisfactorily with the identified priority investment areas/activities;
- b. Adequately and fully make known its expectations concerning the expansion of the business, employment, and marketing projects and the financing of its operations.
- c. In response to the interest shown by the community about the investment, take steps to provide relevant information about the operation of the enterprise, except for information that should be withheld for security or competitive reasons; and
- d. That the registered enterprise shall employ qualified bonafide residents of the city.

### **CHAPTER IV. QUALIFICATIONS AND REGISTRATION OF ENTERPRISE INVESTORS**

**Section 17. Qualifications of New Investors.** New investors who intend to avail of the incentives provided in this Code must meet the following qualifications:

- a. That the business enterprise must have complied with all the requirements mandated under existing local and national laws and the Constitution.
- b. That the prospective investor's place of operation or production be located within the territorial jurisdiction of Laoag City.
- c. That the prospective investors must engage in activities in preferred areas of investments as may hereafter be declared by the Board.
- d. The new enterprise must have a capitalization of at least Forty Million Pesos (~~₱~~ 40,000,000.00); Provided, that the amount of capitalization shall be based on the total project cost as stated in the investor's project study submitted to and approved by the Board.
- e. That the new enterprise will provide out of the labor force an employment of at least one hundred (100) persons who are bonafide residents of Laoag City.

- f. That the new enterprise may provide foreign labor or employment of not more than 40% out of the labor force.

**Section 18. Qualifications of Existing Enterprises.** An existing enterprise may avail of the incentives under this Code provided that it meets the following qualifications:

- a. That the business enterprises must have complied with all the requirements mandated under existing local and national laws and the Constitution.
- b. That the expansion or diversification must engage in activities in the preferred areas of investments as may hereafter be declared by the Board.
- c. That the existing enterprise whose place of operation or production is already located within the territorial jurisdiction of Laoag City shall expand its existing production capacity or operation or construct new buildings and other civil works for the installation of new machinery and equipment or improvements thereof which will result in an increase in production capacity or operation by at least 50%.
- d. That the expansion or diversification shall have a capitalization of at least Twenty Million (₱ 20,000,000.00); Provided, That the amount of capitalization shall be based on the total project cost of such expansion/diversification as stated in the investor's project study submitted to and approved by the Board.
- e. That the expansion/diversification shall provide out of the labor force an employment of at least fifty (50) persons who are bona fide residents of Laoag City.
- f. That the existing enterprise may provide foreign labor or employment of not more than 20% out of the labor force.

**Section 19. Application Requirements.** Applications shall be filed with the Board, recorded in a registration book and the date appearing therein and stamped on the application shall be considered the date of official filing thereof. A non-refundable filing fee of One Thousand Five Hundred (₱ 1,500.00) Pesos shall be paid together with the following documents for registration.

- a. Three (3) copies of completed application form to be provided by the Board in accordance with the provisions of this Code.
- b. A copy of the complete project study of the proposed investment showing that the project is economically, technically, and financially feasible and viable;
- c. A copy of these Articles of Incorporation and By-Laws as approved by the Securities and Exchange Commission;
- d. A certified true copy of its Certificate of Registration with the Securities and Exchange Commission, the Board of Investments, and the Department of Trade and Industry, as the case maybe; and
- e. Resolution of the applicant's Board of Directors, in case of a corporation, authorizing the filing of application.
- f. List of directors and other principal officers and their respective nationalities and current addresses as certified by the Corporate Secretary.

**Section 20. Approval and Registration Procedures.** The Board is authorized to adopt and regulations to facilitate action on applications filed with its prescribed criteria for the evaluation of several applications filed in one preferred area; devise standard forms for use of applicants.

**Section 21. Criteria for Evaluation of Applications.** The following criteria shall be considered in the evaluation of applications for registration under a preferred area;

- a. The extent of ownership control by Philippine citizens of the enterprise;
- b. The economic rates of return;
- c. The extent to which labor, materials and other resources obtained from indigenous sources are utilized;
- d. The extent to which technological advances are applied and adopted to local conditions;
- e. The amount of foreign exchange to be earned, used or saved in their operations;
- f. The measured capacity, provided, that the measured capacity shall not result in a monopoly in any preferred area of investment which would unduly restrict trade and fair competition nor shall it be used to deny the entry of any enterprise in any field of endeavor or activity; and
- g. Such other criteria as the Board may determine.

**Section 22. Appeal from Board's Decision.** Any order or decision of the Board shall be final and executory after thirty (30) days from its promulgation. Within the said period of thirty (30) days, said order or decision may be appealed to the Secretary of Trade and Industry. Where an appeal has been filed, said order or decision shall be final and executory ninety (90) days after the perfection of the appeal, unless reversed.

**Section 23. Certificate of Registration.** A registered enterprise under this Code shall be issued a Certificate of Registration under the seal of the LCIIB and the signature of the Chairperson and such other officer of the LCIIB as it may empower and designate for the purpose. The Certificate shall be in such form and style as the LCIIB may determine and shall state, among other matters:

- a. The name of the registered enterprise;
- b. The preferred area of investment in which the registered enterprise is proposing to engage;
- c. The nature of the activity it is undertaking or proposing to undertake, whether pioneer or non-pioneer, and the registered capacity of the enterprise; and
- d. The other terms and conditions to be observed by the registered enterprise by virtue of the registration.

## CHAPTER V. PRIVILEGES, INCENTIVES AND SUPPORT MEASURES

**Section 24. Incentives to Registered Existing Enterprise.** A registered existing enterprise, which will undertake expansion of business, shall enjoy the following tax incentives:

- a. Exemption from the payment of business taxes of the gross sales or receipts realized from the expansion or diversification activities of the existing enterprise for a period of three (3) years starting from the date of operation of the approved expansion or diversification in the priority investment areas;
- b. Real properties actually and directly used in the expansion or diversification shall be exempt from paying the real property taxes for a period of three (3) years starting from the date of operation. The exemption shall apply only to the seventy percent (70%) share of the city;
- c. Machinery and equipment used for pollution control and environment protection shall be exempt from real property taxes;
- d. Exemption from the payment of Mayor's Permit fees, building permit and other charges which the city imposes three (3) years from date of registration for projects whose capitalization is Ten Million Pesos (₱10M) to Twenty Million Pesos (₱20M); and five (5) years for projects whose capitalization is over Twenty Million Pesos (₱20M);
- e. Exemption from Land Tax for fifteen (15) years for commercial tree plantation;
- f. Exemption from Land Tax for ten (10) years for fruit bearing trees; expansion or diversification activities of the registered enterprise for a period of three (3) years starting the third year from the date of operation of the enterprise:
  1. A non-cumulative net operating loss carry over equivalent to fifty percent (50%) of the losses in a given year resulting from business expansion or diversification in the priority investment areas as indicated in the audited financial reports;
  2. Twenty percent (20%) of the annual wages actually paid to newly hired workers who are employed in the registered expansion or diversification activities and who are bonafide residents of the city;
  3. Fifty percent (50%) of the approved expenditures on public infrastructures such as roads, bridges, etc. which are accessible and being used by the public;
  4. Expenditure on approved skills training but not to exceed Fifty Thousand Pesos (₱50,000.00);
  5. One hundred percent (100%) of the total cost of educational scholarship granted to workers who are bonafide residents of the city;
  6. One hundred percent (100%) of the total amount donated to any social amelioration project of the city; and
  7. One hundred percent (100%) of the total installation cost of an effective and non-polluting solid waste management system established by the registered enterprise.

**Section 25. Incentives to Registered New Enterprises.** All newly registered enterprises that qualify under this Code shall enjoy the following tax incentives.

- a. Exemption from the payment of business taxes of the gross sales or receipts realized for a period of three (3) years starting from the date of operation;
- b. Exemption from the payment of real property taxes for a period of three (3) years from the date of operation. The exemption shall apply only to the seventy percent (70%) share of the city;
- c. Machinery and equipment used for pollution control and environment protection shall be exempt from real property taxes;
- d. Exemption from the payment of Mayor's Permit fees, building permit and other charges which the city imposed three (3) years from date of registration of projects whose capitalization is Forty Million Pesos (₱40M) to Sixty Million Pesos (₱60M); and five (5) years for projects whose capitalization is over Sixty Million (₱60M) Pesos;
- e. Exemption from Land Tax for fifteen (15) years for commercial tree plantation;
- f. Exemption from Land Tax for ten (10) years for fruit bearing trees;
- g. The following shall be allowed as deduction from the taxable gross sales/receipts realized during the preceding year from the expansion and diversification activities of the registered enterprise for a period of three (3) years starting the third year from the date of operation of the enterprise:
  1. A non-cumulative net operating loss carry over equivalent to fifty percent (50%) of the losses in a given year resulting from business expansion or diversification in the priority investment areas as indicated in the audited financial reports;
  2. Twenty percent (20%) of the annual wages actually paid to newly hired workers who are employed in the registered expansion or diversification activities and who are bonafide residents of the city;
  3. Fifty percent (50%) of the approved expenditures on public infrastructures such as roads, bridges, etc. which are accessible and being used by the public;
  4. Expenditures on approved skills training but not to exceed ₱50,000.00;
  5. One hundred percent (100%) of the total cost of educational scholarship granted to workers who are bonafide residents of the city;
  6. One hundred percent (100%) of the total amount donated to any social amelioration project of the city;

7. One hundred percent (100%) of the total installation cost of an effective and non-polluting solid waste management system established by the registered enterprise; and
8. Fifty percent (50%) of the approved research and development expenditures.

**Section 26. Other Privileges.**

- a. Free use of government land owned by the City Government for a period of ten (10) years, if the registered enterprises shall construct an infrastructure at the less developed area in the city, specifically at the shoreline stretching from Barangay Calayab to Barangay Caaocan, at the portions of Barangay Balacad and Calayab which were earlier identified as heavy industrial zone, and all other lands owned by the City Government subject to the approval of the Sangguniang Panlungsod and City Mayor; provided however, that after the expiration of the ten (10) year period, he may continue to occupy the infrastructure facilities without any rental, except to pay the rental of the lot where the infrastructure was constructed at a reasonable rate to be approved by the Sangguniang Panlungsod upon the recommendation of the Local Finance Committee; provided finally, that the proposed site is not allotted for specific government use; and
- b. Exemption from examination and inspection of books of accounts and other pertinent records of business except when allowed by the Board.

**Section 27. Effectivity of Privileges, Incentives and Support Measures.** The Board shall review the package or appropriate incentives and support measures every two (2) years, provided that the Board may remove an area or activity from the list, at any point, when it deem that sufficient investments in the area or activity have been attained and where continued extension of incentives or support measures for the expansion of said area or activity may place the interest of the City and the public in adverse position. The Board may also remove an investment area from the list where it is convinced that investments in such area or activity in Laoag City cannot be attracted within reasonable cost or may result in unfavorable business climate.

## **CHAPTER VI. PRIORITY INVESTMENT AREAS/ACTIVITIES**

**Section 28. Investment Priorities Plan.** The Board after consultation with the appropriate agencies and the private sector shall submit an Annual Investment Priorities Plan to the Sangguniang Panlungsod for evaluation and enactment.

**Section 29. Priority Investment Areas.** Business enterprises having the following type or nature of business shall be promoted and given priority under this Code:

- a. Agri-business Enterprises;
- b. Labor Generating Enterprises;
- c. Manufacturing or processing enterprises using raw materials available locally;
- d. Tourism Oriented Enterprises;
- e. Service Oriented Enterprises;
- f. Water and Power Resources Development Enterprises;
- g. Telecommunication Development Enterprises.

**Section 30. Amendments.** The Board at anytime may add additional areas in the Investment Development Plan, alter any terms of the declaration of an investment area or the designation of measured capacities, or terminate the status of preference. In no case, however, shall amendments of the plan impair whatever rights may have already been legally vested in registered enterprises, which shall continue to enjoy such rights to the full extent under this Code. The Board shall not accept application in the area of investment prior to the approval of the same as a preferred area nor after approval of its deletion as an investment priority area.

## **CHAPTER VII. FINAL PROVISIONS**

**Section 31. Exception.** This Code shall not apply to banking and financial institutions and other enterprises, which are governed by the Central Banking Act, and under Bangko Central ng Pilipinas (BSP) supervision.

**Section 32. Annual Inspection.** The Board shall conduct an annual inspection of the registered enterprises or through a local government agency to conduct said inspection. The inspection shall be limited to the gross sales or receipts, compliance to the minimum wage law and to the provisions of this Code and the privileges granted as stated in the Certificate of Registration.

**Section 33. Penal Clause.** Violation of any provisions of this Code and other pertinent laws, rules and regulations shall be ground for the forfeiture of the incentives and privileges granted to the registered enterprises, and shall be required to pay all taxes and fees due from the start of its business operation, upon recommendation of the Board and after due process. Violation of the provisions of this Code shall be penalized by a fine of not less than ₱1,000.00 but not more than ₱2,500.00 and or imprisonment of not less than one (1) month but not more than three (3) months, or both fine and imprisonment at the discretion of the Court. In case the violation is committed by a partnership, association, corporation or cooperative, the Manager, President or Chief Executive Officer shall suffer the penalty provided in this Code.

**Section 34. Separability Clause.** If for any reason or reasons, any part or provisions of this Code is declared invalid or unconstitutional, the other provisions, which are not affected, shall remain in full force and effect.

**Section 35. Repealing Clause.** All ordinances inconsistent with or in conflict with the provisions of this Code are hereby repealed, amended or modified accordingly.

**Section 36. Effectivity.** This Code shall take effect after ten days from the date copies of this Code are posted at the City Hall bulletin board and in all barangay hall bulletin boards.

**Carried.**

**APPROVED** this 30<sup>th</sup> day of May, 2007, by the members of the Sangguniang Panlungsod present with the following votes:

**Those in favor:** Hon. J.C.A. Respicio II, Hon. V.M. Lazo, Hon. C.L. Blanco, Hon. R.J.P. Cabarrubias, Hon. M.M.M. de la Cuesta, Hon. C.F. Dancel, Jr., Hon. E.U. Chua, Hon. B.A. Cabacungan, Sr., Hon. Althea Katrina F. Castro.

**Nays:** N o n e

**Abstentions:** N o n e

**I HEREBY CERTIFY** that the foregoing is a true, correct, and faithful excerpt from the minutes of the 145th Regular Session of the 6th Sangguniang Panlungsod held on May 30, 2007.

**ENRICO A. AURELIO**  
Secretary to the Sanggunian

**Attested:**

**YVONNE B. RANADA**  
S.P. Member/Acting Presiding Officer

<sup>1 1</sup> THIS PORTION FOR USE BY THE SANGGUNIANG PANLUNGSOD SECRETARIAT ONLY

EXECUTIVE ACTION:

Date Submitted to City Mayor for Approval \_\_\_\_\_

Date Received as APPROVED: \_\_\_\_\_

RETURNED w/ Comments: \_\_\_\_\_

VETOED: \_\_\_\_\_

Date APPROVED by Inaction:<sup>1</sup> \_\_\_\_\_

Date Resubmitted: With Compliance to Comments \_\_\_\_\_

w/ Veto Override \_\_\_\_\_

Data Entry by: \_\_\_\_\_

REVIEW ACTION:

Date Submitted for Review (SPIN) \_\_\_\_\_

Date Received from SPIN<sup>2</sup> \_\_\_\_\_

Review Res. No. \_\_\_\_\_

Action on Review \_\_\_\_\_

Data Entry \_\_\_\_\_

PUBLICATION DETAILS:

Date Published \_\_\_\_\_

Published by \_\_\_\_\_

Data Entry by \_\_\_\_\_

REMARKS:

<sup>1</sup> Per Art. 108, par. (b) of the IRR of RA 7160, "The veto shall be communicated by the local chief executive concerned to the sanggunian within x x x ten (10) days in the case of a city or municipality; otherwise the ordinance shall be deemed approved as if he had signed it

<sup>2</sup> Per Art. 110, par (d) of the IRR of RA 7160, "If no action has been taken by the sangguniang panlalawigan within (30) days after submission of such an ordinance or resolution, the same shall be presumed consistent with the law and, therefore, valid."