



# TIPO HIGHTECH ECO PARK

QUESTION & ANSWER

*English version*

# TIPO DEVELOPMENT AND MANAGEMENT CORP.

The company is a development and management unit to assist investors in a perfect investment environment. Our goal is for the investors to produce smoothly and also to bridge the investors as to communicate with SBMA.



## THEP- TIPO HIGHTECH ECO PARK

1. What is the land lease period for the Tipo Hightech Eco Park?

- The park provides long-term leases for industrial land with a right to use for 50 years.

2. Is there any limit to the industrial investment in the park?

- There were no set limits on the investment amount. THEP investors are open to nationals and business enterprises/investors of any country in any area of economic activity except for the high-polluting industries as it was specifically prohibit for strong implementation of environmental protection.

3. What is the minimum lot area for lease investment?

- Industrial land – minimum leased area of 5,000 square meters.
- Commercial land – minimum leased area of 2,500 square meters.



#### 4. What are the criteria of handing over of the THEP leased land?

- The availability of water, electricity, other utilities and road were completed prior to turned-over to investors.

#### 5. What is the security of the THEP?

- SBMA is a special zone. AN access to the gates is regulated coupled with the security system of parks, so the park is quite safe.

#### 6. Is the company allowed to perform the work operation outside the Customs Territory?

- Out-of-area processing is permitted. Simply apply to the Port Authority and Customs as specified in the application form.

#### 7. How to apply for this investment procedure?

- Fill out an investment application letter provided with 5-year financial plan and environmental assessment report. First sent a letter of intent to Xantheng Development and Management unit then the company will transfer it to SBMA with an endorsement.



# FOREIGN OWNERSHIP

**5% FINAL TAX ON GROSS INCOME**

## TAX - TAXATION

1. What are the benefits of taxation here?

- SBFZ locators are exempted from any local and national taxes with only a 5% final tax on gross income earned computed based on Gross Sales less allowable deductions. Deductible and non-deductible items include:

Deductible item:	Non-deductible item:	
<b>Direct labor</b>	Administrative Staff salary	Miscellaneous expenses
<b>Indirect artificial materials</b>	Management salary line	Communication cost
<b>Factory supplies and fuel</b>	Sales staff salary	
<b>Depreciation of factory buildings and equipment</b>	Interest on working capital	
<b>Loan interest loan facility</b>	Exchange of lost assets	
<b>Rental and water and electricity costs</b>	Loss of advertising costs	
<b>Semi-finished product</b>	Insurance fee	

# ACCOUNTS

2. Subic Bay is a free port area and has a tax-free benefit. If there are goods to Clark which is also a duty-free zone, can you tax out of Subic Bay?

- There is no tax on any processing export zone, but you must go through the formalities.

3. In paying 5% of the gross income, does the scheme is to pay after it is profitable?

- As long as the Gross Profit is positive, investors need to pay the income tax due according to the calendar year such if it is quarterly. Payment should be within 60 days from the last date of the preceding quarter. If it is negative, investors need to file two (2) copies of their Electronic Billing & Payment System (EBPS) file to the SBMA Accounting Department.

4. If the manufacturer in the area wants to sell the product to the same manufacturer in the region, is the quantity sold as an export or import?

- The quantity sold is exported, which is sold in foreign markets or regional manufacturers according to the rule of 70% of the production. The vendor can enjoy a 5% Final Tax.

5. 30% of the products are available for domestic sales. Is 30% each for each product, or is there another way of calculation?

- The total value of production of each company, its 30%, can be sold domestically, but subject to domestic taxation in accordance with the Philippine tax regulations. And Manufacturer must inform on a regular basis to pay the Inland Revenue Department as specified country.

## LABOR - WORK FORCE

### I. What is the condition of worker's basic wages and labor strikes?

- At present the minimum wage is (420.00) pesos. Under the strong leadership of the SBMA, we are sure the problem with the labor strikes is not easy to happen.



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2. In addition to the basic salary,  
Does the company have to pay extra?

In the Philippines, regardless of food, shelter, employer needs to pay in addition to basic salary, a totaling payment of the 13th month of salary per year, National holidays must be paid for 12 days and 4 special days. In addition, employee should be covered prior to employment the following Mandatory Government dues: SSS (Social Security System), Home Development Mutual Fund (HMDF) and Philhealth.

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3. Is it difficult to find a qualified candidate on the job canvassing?

There are about 400,000 people nearby, and it is easy to get labor force. The quality of the labor here is quite high. If the company gives most personnel to appropriate training, it should not be a problem.

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4. How many national holidays does the Philippines have in a year?

- 12 days Regular holidays
- 4 Non-working holidays

5. In terms of labor wages, how much wages for the level managers?

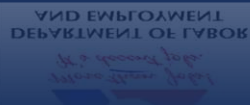
- No less than P (420 .00) per day
- Team leader P 12,000 - P 17,000 / monthly salary
- Manager P 20,000 - Above / monthly salary

6. In job recruiting, can it go through the Agency or self-recruiting?

- Based on the Republic Act 7227 regardless of whether you recruit yourself or not, you must first seek the workers through the SBMA Labor Center and give priority to this place. There is a recruitment process to apply in SBMA Recruitment Section.

7. The entire industrial park manufacturer is fully stationed. Will it face the problem of insufficient labor?

- Subic Bay Freeport is strategically located in the Central Luzon region of the Philippines allowing investors to source their manpower needs from the region's wide manpower pool of 3.5 million, which is the third largest in the country. SBMA Labor Department also assist investor's in sourcing out their labor requirements.





## **SBMA – SUBIC BAY METROPOLITAN ADMINISTRATION**

### **I. What is SBMA?**

- The Subic Bay Metropolitan Authority (SBMA) is the operating and implementing arm of the Government of the Philippines for the development of the 262 square mile (670 square kilometer) area of Subic Bay Freeport (SBF) into a self-sustaining tourism, industrial, commercial, financial, and investment center to generate employment opportunities. This area was the former US Naval facility in Subic Bay.





It's more fun-*tas*tic  
in **SUBIC**

## 2. What are the procedures and timeliness of import and export here?

- The import and export procedures can be completed in about one or two days.

## 3. What should investors pay attention to when investing in this park?

- Cultural diversity (respect differences)
- Workers have an effective communication in their handling. Avoid arbitrarily managing methods.
- Management Skills.
- Good camaraderie. Unity and Mutual assistance were exercised from Local Government and to SBMA.

## 4. What are the issues related to law and order in this area?

- Subic Bay has a very good law and order. There are police patrols 24 hours and each free port gate is tightly regulated. This is one of major consideration from investors. Olongapo also get UNESCO Award and is selected one of the ten cities for peace and order.



Subic Water



Subic Enerzone



PLDT Subic Tel



## UTILITIES

### 5. Water fee? Electricity bill?

- For current rates, please see THEP page –

### 6. What is the situation with regard to power outages and water interruption?

- The power plant here can generate 147.5MW and can supply Subic area. The water company is currently daily. Can be supplied 66,500 cu.m, 130,000 cu.m per day in the future. Water and electricity are abundant. There are very few cases of water cuts and power outages.

### 7. Our company is not large in scale. Can there be factory rental in the park?

- The park can able to provide a standard factory building for rental. For industrial, 1-hectare area building can accommodate 1,000 – 2,500 sqm bldg. floor.

### 8. How many shipping companies to this point, what is the cost of the container?

- There are currently 12 shipping companies sailing between Taiwan and Subic Bay. Please refer to the website for shipping cost details.



9. What is the situation if to apply financing loan?

- Investors can go to the China Trust Bank and BDO (Banco De Oro) in the park respectively. Universal Bank) Proposed financing loans, generally should be able to lend to land rent, Plant cost, 50% of machinery and equipment, Reimbursement in five years. If necessary, you can contact the two banks first.

10. Is there a school for Children's education?

- There is an international school like Brent School. Others are Casa Kalayaan, Lyceum of Subic Bay, Manila Times within the SBMA. Local school were also can accommodate different nationals and found outside the vicinity.

11. How do people live in issues of livelihood?

- Subic is a very attractive place for livelihood providing an eco-friendly environment, cost effective locality, securely bounded by perimeter fences and has a very good law enforcement unit. Not mentioning the cultural attraction and scenery, local hospitality, weather, availability of adequate healthcare and prevalence of English. There are 1,876 houses left by the former US military in the area.

12. How is the traffic?

- SBF is accessible by land from any point of Luzon via superhighway – the North Luzon Expressway (NLEX) and Subic-Clark-Tarlac Expressway (SCTEX). It is between two (2) to three (3) hour drive from Metro Manila, the capital of the Philippines.
- Subic Bay to Clark Airport is (50) minutes.

13. Are the suppliers around SBMA insufficient?

- Most suppliers are found in Manila. However, we are most to assist our client to find suppliers.

14. What is the status of port equipment in Subic Bay?

- Subic Harbor is capable of handling 600,000 TEU processing capacity container, which can significantly reduce the shipping cost of the manufacturer. The current usage rate is about 45%, to cater the short to medium term.

15. There are many typhoons in the Philippines. Will it have a serious impact on the local area?

- It will not have to impact seriously in this place because it is surrounded by mountains on three sides. The typhoon has little impact on the land.

16. What is the building height requirement in THEP?

- The building height requires in the park shall not exceed 20 meters. If exceeding to 20 meters CAAP clearance is required by SBMA.

## WAREHOUSES & CONDOMINIUMS





17. What is the Taiwanese investments procedure?

- In 1992, Taiwan and the Philippines signed a "China-Philippines Investment Protection Agreement". The Philippines is a democracy and encourages foreign countries. In recent years, the political situation in the Philippines is quite stable and the leadership is committed to nation-building, and take various measures.
- Applying the principle of a free economy. Most of its systems follow the United States. These financial policies are believed to be foreign investment.

18. The Philippines is currently the average national income, why is it estimated that Philippines will reach Taiwan in the current level in a few years?

- The average national income is USD 3000. The short-term estimate is not enough to reach Taiwan's level.

19. How Subic Bay officials in terms to receive a red envelope?

- Many countries and regions are inevitably exposed to this trend. This kind of atmosphere to accept bribes is not popular in Subic Bay. The situation is rare.

20. Do expatriates require to apply for legal residency?

- Expatriates are required to apply for legal residence such as temporary work visa, work visa, or investment visa. It is easy to apply since there is One Stop Service Center for processing.

21. Taiwan's export processing zones have some orders of the government to regulate, Are there similar laws and regulations in the Subic Bay?

- Development of the Republic Act No. 7227, was replaced by reserve other productive uses to accelerate general. Place to promote economic and social development of the country and set up a base for reconstruction and Development Agency (Base Conversion Development Authority). These laws are essentially encouraging and protecting foreign investment.

22. In this investment, how does the company registration certificates can be applied?

- There were two (2) types of business permits that are issued to SBF locators:
- Certificate of Registration and Tax Exemption (CRTE) – certificate issued to SBF Locators with entitlement to the privileges, benefits, and incentives granted under Republic Act 7227.
- Registration Certificate (formerly known as Permit to Operate) – allows business entities to operate and conduct business within the Zone but without incentives and other tax exemptions granted under RA 7227.

23. Why do manufacturers choose to Subic Bay, what are the benefits of investing here?

- Aside from the business incentives, and opportunities, the infrastructure here is perfect. The human resources are excellent and people can adapt to different nationalities. Some locals can speak English and professionals are well proficient to this language. Subic Bay has good public security. And the standard of living is high but the cost of living is not high. Geographically, this place is in the Asian portal and close to all major Asian cities, and it is very convenient to get the output of raw materials.

24. What is the right to own property in SBMA?

- The right to own a property in SBMA is not allowed. SBMA only gives a maximum lease of 50 years whether for investment and/or residential.

# CONTACT US

*P.S All information used are for reference only. Pictures are available on web and we don't claim ownership. If there is any details, please contact the company as follows:*

## TIPO DEVELOPMENT AND MANAGEMENT CORPORATION

*The Development and Management Unit of Tipo-Hightech Eco Park*



Total Subic Tipo 2. Lot Along  
Tipo Expressway Near  
SBMA Security Plaza, SBFZ



+63 (47) 251-3495



+63 923 09000 94



info@thep.com.ph  
marketing@thep.com

