PHILIPPINE INVESTMENT ENVIRONMENT

Public-Private Partnerships, Fiscal Incentives, and the Maharlika Investment Fund

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SECRETARY OF FINANCE

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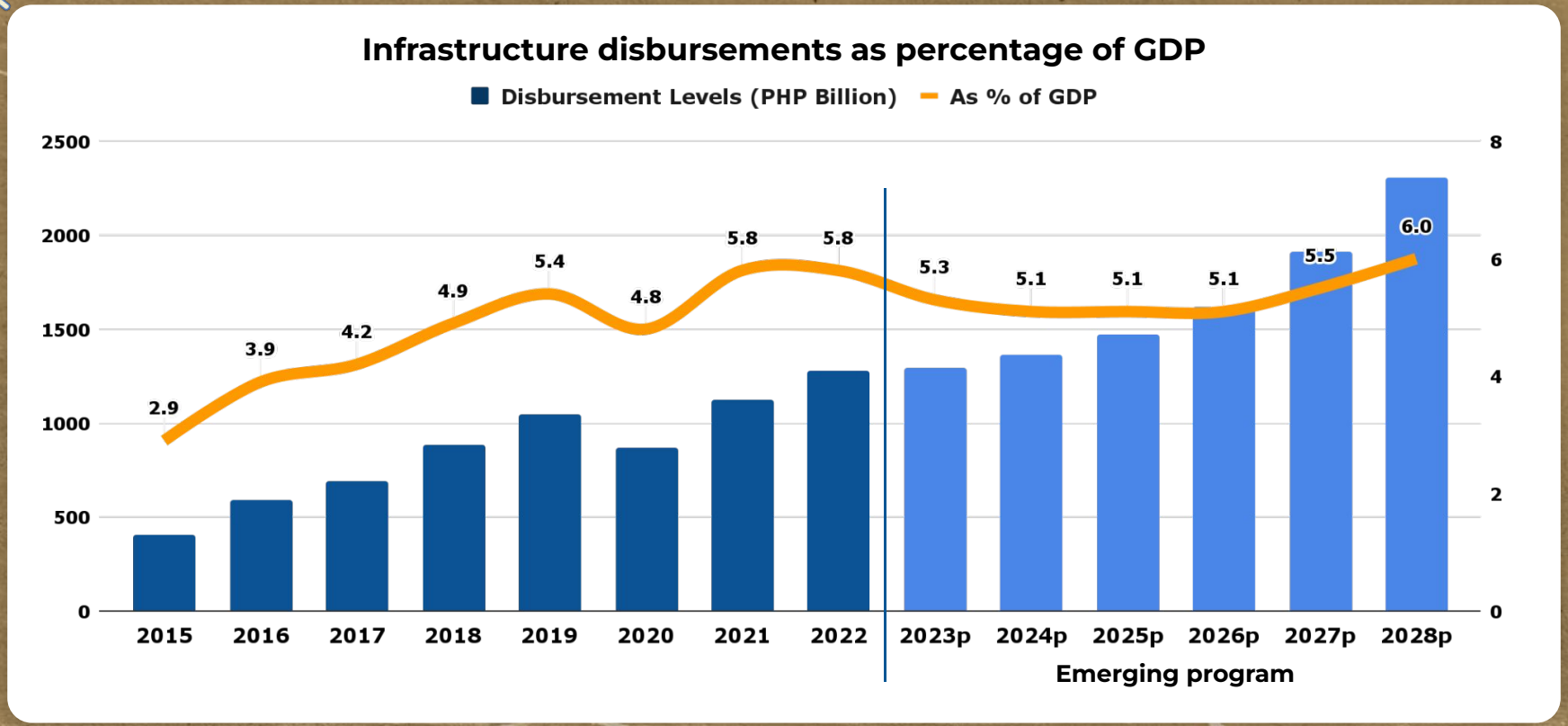
Adequate public investment in infrastructure is required to boost productivity and growth



Source: Medium-Term Fiscal Program FY 2023-2028, approved by the DBCC in July 2023 through ad referendum

The Philippines is employing diverse and innovative financing solutions to support the administration's massive infrastructure drive

Effective **public-private partnerships (PPPs)** boost infrastructure development without sacrificing fiscal space

This requires a **stable and predictable** PPP policy environment

We are building a fertile business and investment ecosystem for public-private partnerships

Revised IRR of Build-Operate-Transfer Law

Revised ICC Guidelines

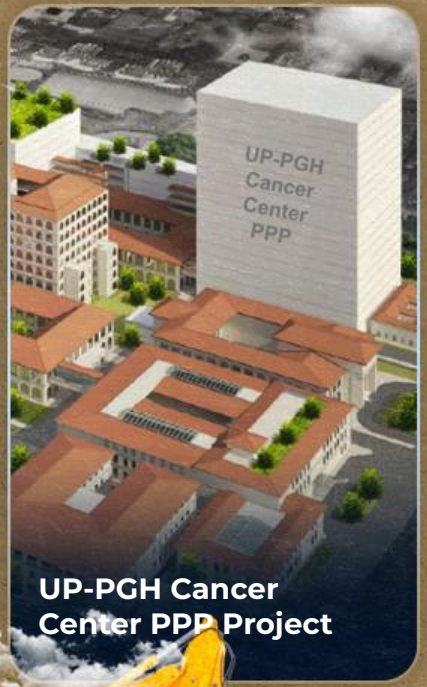
Public-Private Partnership Act

Revised NEDA Joint Venture Guidelines

197 Infrastructure Flagship Projects worth approximately USD 155 billion

- Irrigation
- Digital connectivity
- Water supply
- Physical connectivity
- Flood management
- Health
- Agriculture
- Power and energy

APPROVED PPP PROJECTS



UP-PGH Cancer Center PPP Project

Tarlac–Pangasinan–La Union Expressway Extension Project

ROET of the Ninoy Aquino International Airport PPP Project

Laguindingan International Airport Maintenance

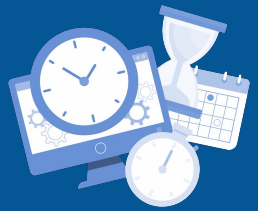
We have reformed the Philippine corporate income tax structure and fiscal incentives system to support strategically important industries and projects

The Corporate Recovery and Tax Incentives for Enterprises or CREATE Act modernized our corporate income tax system

Provides hefty corporate income tax rate cuts

Provides 10-ppt cut in the corporate income tax rate of domestic MSMEs (from 30 percent to 20 percent), and 5-ppt reduction (from 30 percent to 25 percent) for other corporations

Provides more flexibility in the grant of fiscal and non-fiscal incentives



Provides an enhanced incentives package that is performance-based, time-bound, targeted, and transparent

Incentivizes innovation, R&D, and advanced tech

Identifies priority industries, projects, and activities that can be granted fiscal incentives through the Strategic Investment Priority Plan

Strategic Investment Priority Plan
List of Priority Activities

TIER 1

- COVID-19 QUALIFIED ACTIVITIES
- AGRICULTURE, FISHERY, FORESTRY
- HEALTHCARE
- INNOVATION DRIVERS
- INCLUSIVE BUSINESS (IB) MODELS
- ENVIRONMENT
- ENERGY
- SPECIAL LAWS

TIER 2

- GREEN ECOSYSTEMS
- HEALTH-RELATED ACTIVITIES
- DEFENSE-RELATED ACTIVITIES
- INDUSTRIAL VALUE-CHAIN GAPS
- FOOD SECURITY-RELATED ACTIVITIES

TIER 3

- RAD 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

Other preferred activities include investments in activities, subject to the determination by the Board, supporting of programs that will generate employment opportunities outside of congested urban areas.

Incentives available under the CREATE Act

Incentives	Export-oriented	Domestic-oriented
Income tax holiday	4-7 years	4-7 years
Enhanced deduction	10 years	5 years
Special corporate income tax	10 years	Not applicable
Duties exemption	Up to 17 years	Up to 12 years
VAT exemption on importation	Up to 17 years	Not applicable
VAT zero-rating	Up to 17 years	Not applicable

Note: Period of income tax holiday (ITH) depends on the industry tier and location classification under the CREATE Act.

MAHARLIKA INVESTMENT FUND

The Philippines' first-ever sovereign investment fund designed to serve as a vehicle for driving long-term economic development through increased investments in high-impact sectors

The Maharlika Investment Fund will support the administration's 8-point socioeconomic agenda and Philippine Development Plan 2023-2028

Attract direct equity investments from local and global funds

Accelerate the implementation of 197 infrastructure flagship projects

Co-financing and knowledge sharing with other sovereign wealth funds

Invest in emerging megatrends (digitalization, ESG, and healthcare)

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