

ADVISORY

TO: Subic Bay Freeport Locators

SUBJECT: Implementation of the Corporate Recovery and Tax Incentives for Enterprises Law

DATE : July 16, 2021

Please be advised that with the effectivity of R.A. No. 11534 also known as “Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law” on April 11, 2021 and the approval and publication of its IRR on June 16, 2021, CREATE is now in full effect. With this, we are enjoined to fully implement CREATE in as much as registered business enterprises (RBEs) in the Freeport are mandated to comply with the same.

This Advisory is being issued to guide locators on how SBMA shall move forward with the issuance of Certificates of Registrations (CRs) and Certificate of Tax Exemptions (CRTEs).

LOCATORS WITH EXISTING CRTEs

CRTE holders as of April 11, 2021 can continue to avail of certain incentives being enjoyed before the effectivity of CREATE pursuant to the transitory provisions of CREATE. These incentives, however, are limited only to the special corporate tax of 5% GIE and duty exemption of the concerned RBE during the period of registration with SBMA.

We are still clarifying with the Department of Finance on the effect of the said transitory provisions on the other non-income tax related incentives such as VAT exemption on importation and the zero-rated VAT on local purchases of goods and services.

PENDING APPLICATIONS OR APPLICATIONS FILED AFTER THE EFFECTIVITY OF CREATE

Applications for registration and/or applications for issuance of certificates of tax exemption that are pending with the Agency or applications filed with the Agency after the effectivity of CREATE, shall be considered as new applications and shall be processed under the provisions of CREATE.

AMENDMENT OF BUSINESS ACTIVITY AND/OR AMENDMENT FROM CR TO CRTE

The Agency will no longer process upgrading of CRs to CRTEs as well as process CRs and/or CRTEs concerning applications for amendments of business activities or applications for the inclusion of additional business activity(ies) of existing RBEs.



These applications will instead be treated as new applications subject to the provisions, IRR, and relevant guidelines of CREATE.

Notwithstanding the foregoing, the Agency understands that there are numerous questions about and surrounding CREATE. To help address these, the Agency is coordinating with the appropriate government agencies (e.g. FIRB, DOF, BIR) to clarify said issues. The Agency has also organized, participated in and invited locators to participate in webinars explaining CREATE, its IRR and RR 09-2021. To further acclimate ourselves on the matter, the Agency will continue to host webinars that aim to clarify and discuss the implications of CREATE, its IRR, and related BIR regulations and circulars. We trust that you will find the time to participate in these webinars.

We hope to resolve the issues surrounding the implementation of CREATE so that your business goes unhampered as we continue to contribute in the nation's fight to re-open the economy post Covid19.

We will provide you with further information and guidance as they become available.

For your guidance.

Thank you.



RENATO W. LEE III
Senior Deputy Administrator
for Business and Investment

