

**REPUBLIC OF THE PHILIPPINES**  
**BOARD OF INVESTMENTS**

**APPLICATION FOR EXTENSION OF INCOME TAX HOLIDAY**  
**Under Art. 39(a)(1) of E.O. 226**

**I. INFORMATION ABOUT APPLICANT**

Applicant :  
T.I.N. :  
Office Address :

Telephone No. :  
Official Representative :  
Date of Registration :  
Registration No. :  
Registered Activity :

Status (Please Check)

- / / New – Pioneer
- / / New - Non-Pioneer
- / / New – Non-Pioneer w/ Pioneer Incentives under Art. 40(a)
- / / Expanding w/ Pioneer Incentives under Art. 40(a)

Committed Start of Commercial Operations :  
Actual Start of Commercial Operations :

Regular ITH Period : \_\_\_\_\_ years From \_\_\_\_\_ to \_\_\_\_\_  
(number) (mo./yr.) (mo./yr.)

Data on Past Availments : The firm has been granted extension by the Board for  
(number) years covering the period from (mo./yr.)  
to (mo./yr.) using the \_\_\_\_\_ criterion.

**II. PERIOD APPLIED FOR EXTENSION**

\_\_\_\_\_ years or From (\_\_\_\_\_) to (\_\_\_\_\_)  
(number) mo./yr. mo./yr.

**III. CRITERIA USED (Please check)**

- / / Capital equipment to labor ratio
- / / Net foreign exchange earnings/savings
- / / Cost of indigenous raw materials

**IV. COMPLIANCE WITH CRITERIA** (Fill up appropriate line and refer to Annexes A1 to A3 for supporting computation)

a. Capital equipment to labor ratio : \$\_\_\_\_\_ per worker (A1)

b. Net foreign exchange earnings/savings (A2)

Year 1	Year 2	Year 3	Average
\$_____	\$_____	\$_____	\$_____

c. Ratio of cost of indigenous raw materials to total raw materials cost (A3)  
Average Ratio \_\_\_\_\_%

Done in \_\_\_\_\_ this day of \_\_\_\_\_

\_\_\_\_\_  
APPLICANT

**REPUBLIC OF THE PHILIPPINES )**  
**) S.S.**

**SUBSCRIBED and SWORN** to before me this \_\_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_ in the \_\_\_\_\_ affiant exhibiting to me his Community Tax  
Certificate No. \_\_\_\_\_ issued at \_\_\_\_\_ on \_\_\_\_\_.

**NOTARY PUBLIC**

Until December 31, \_\_\_\_\_  
PTR No. \_\_\_\_\_  
Issued at \_\_\_\_\_  
Issued on \_\_\_\_\_

Doc. No. \_\_\_\_\_  
Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of \_\_\_\_\_

Note: In order not to be penalized, applications for extension must be filed with the BOI **prior** to the filing of the **Income Tax Return (ITR) on the extension year.**

**COMPUTATION OF COMPLIANCE  
CAPITAL EQUIPMENT TO LABOR RATIO CRITERION**

**Formula to compute the capital equipment to labor ratio**

$$\frac{\text{Derived \$ cost of equipment}}{\text{Average No. of Direct Labor}}$$

The derived ratio should not exceed US\$10,000:1 worker to be eligible for extension

Notes :

- a. The cost of equipment shall be taken from the machinery and equipment asset account of the Audited Balance Sheet and supporting schedule pertaining to the registered activity covering the taxable year immediately preceding the period applied for extension and which equipment cost shall be converted to its foreign exchange cost equivalent using the prevailing exchange rate set by PRD-BOI at the time of acquisition.

In case of consigned equipment, the foreign exchange value shall be taken from the itemized list of consigned machinery and equipment submitted with the application.

- b. Direct Labor – those qualified under Rule II, Sec. 1(g) of the Rules and Regulations In the Availment of Income Tax Holiday Extension but not including line supervisors, warehousemen, quality control personnel outside the production line, utility and maintenance personnel.

The direct labor count shall be taken from the applicant's payroll sheets and verified with the supporting documents showing remittances of SSS premiums and/or withholding taxes due to BIR and shall represent an average of the month end labor count for the same taxable year as in item (a).

**COMPUTATION OF COMPLIANCE  
NET FOREIGN EXCHANGE EARNINGS/SAVINGS CRITERION**

**Compute the net foreign exchange earnings/savings by following the computation format below:**

	YR 1	YR 2	YR 3	TOTAL
Foreign Exchange Proceeds				
Export Sales	\$	\$	\$	\$
Less : Foreign Exchange Costs				
Imported Raw Materials				
Imported Supplies/Spare Parts				
Depreciation of Imported Equipment				
Others				
Net Foreign Exchange Earnings	\$ =====	\$ =====	\$ =====	\$ =====
	YR 1	YR 2	YR 3	TOTAL
Sales Volume of Registered Product	__ units	__ units	__ units	
Multiply by	x	x	x	
Average CIF cost in \$ per unit of product	US\$/unit	US\$/unit	US\$/unit	
Equivalent Sales in \$	\$	\$	\$	\$
Less : Foreign Exchange Costs				
Imported Raw Materials				
Imported Supplies/Spare Parts				
Depreciation of Imported Equipment				
Others				
Net Foreign Exchange Savings	\$ =====	\$ =====	\$ =====	\$ =====

The net foreign exchange earnings/savings should be at least US\$500,000 annually for the three-year period.

In case this is not met, the derived average foreign exchange earnings/savings for the three-year period should at least be US\$500,000 to qualify for extension and which average shall be computed as follows:

**Total Net Foreign Exchange Earnings/Savings for Three Years**  
-----  $\geq$  \$500,000.00

Notes :

a. In case of foreign exchange earnings criterion -

Export sales value for the first three years of commercial operation shall be taken from the certified sales summary report submitted with the application.

In the case of indirect and constructive export sales, the total peso denominated sales value for each year shall be converted into its foreign exchange equivalent using the corresponding annual average exchange rate set by PRD-BOI and if not available, the rate set by CB.

b. In case of foreign exchange savings criterion –

Check first whether the registered product is listed in the IPP at the time of registration. If so, proceed with the computation.

The equivalent foreign exchange values of local sales of the registered product shall be derived by multiplying the annual sales volume reflected in the summary report with the established average annual CIF cost in foreign exchange per unit of the registered product.

The industry group shall verify and validate the CIF cost used by the applicant prior to its adoption in the evaluation report.

c. The foreign exchange costs/expenses shall be taken from the certified Summary of Imported Costs submitted with the application.

**FOREIGN EXCHANGE EARNINGS CRITERION  
EXPORT SALES SUMMARY REPORT FORMAT**

**A. DIRECT EXPORTS**

**Summary of Export Sales  
For the Period (Year 1)**

<u>Date</u>	<u>Invoice No.</u>	<u>Quantity</u>	<u>Value (US\$)</u>	<u>Exchange Rate</u>	<u>Value (PhP)</u>	<u>BCM Reference</u>
Total for Year 1		_____	_____		_____	
		=====	US\$ =====		PhP =====	

(Follow same format for Years 2 and 3)

**B. CONSTRUCTIVE EXPORTS (sales to CBw, PEZA, embassies, etc.)**

**Summary of Export Sales  
For the Period (Year 1)**

Name of Exporter/Buyer A \_\_\_\_\_

<u>Date</u>	<u>Invoice No.</u>	<u>Quantity</u>	<u>Value (PhP)</u>
Sub-total		_____	_____
		=====	PhP =====

Name of Exporter/Buyer B \_\_\_\_\_

<u>Date</u>	<u>Invoice No.</u>	<u>Quantity</u>	<u>Value (PhP)</u>
Sub-total		_____	_____
		=====	PhP =====
Grand Total: Year 1		_____	_____
		=====	=====

(follow same format for years 2 and 3)

C. **INDIRECT EXPORTS** (sales to CBw, PEZA, embassies, etc.)

**Summary of Sales to Direct Exporters  
For the Period (Year 1)**

Name of Direct Exporter A \_\_\_\_\_

<u>Date</u>	<u>Invoice No.</u>	<u>Quantity</u>	<u>Value (PhP)</u>
	<b>Sub-total</b>	_____	_____
		=====	PhP =====

Name of Direct Exporter B \_\_\_\_\_

<u>Date</u>	<u>Invoice No.</u>	<u>Quantity</u>	<u>Value (PhP)</u>
	<b>Sub-total</b>	_____	_____
		=====	PhP =====
	<b>Grand Total: Year 1</b>	_____	_____
		=====	=====

(follow same format for years 2 and 3)

**FOREIGN EXCHANGE SAVINGS CRITERION  
LOCAL SALES SUMMARY REPORT FORMAT**

**Summary of Local Sales  
For the Period (Year 1)**

<u>Date</u>	<u>Invoice No.</u>	<u>Quantity</u>	<u>Value (PhP)</u>
	<b>Total for Year 1</b>	_____	_____
		=====	=====

(follow same format for years 2 and 3)

**FOREIGN EXCHANGE COSTS FOR THE FIRST THREE YEARS  
IN US DOLLARS**

<b>Nature of Expenditure</b>	<b><u>Year</u></b>		
1. Raw materials imported from own account	_____	_____	_____
2. Imported supplies used in the production of registered products	_____	_____	_____
3. Imported spare parts of machinery and equipment used in the production of registered products	_____	_____	_____
4. Other imported materials used in production purchased from traders/importers (e.g. chemicals, etc.)	_____	_____	_____
5. Machinery and equipment imported from own account	_____	_____	_____
6. Depreciation of imported machinery and equipment used in production	_____	_____	_____
7. Rental payment on consigned/leased machinery and equipment	_____	_____	_____
8. Freight, insurance and handling charges paid for in foreign currency	_____	_____	_____
9. Interest expense/s on CB-approved/registered foreign loans	_____	_____	_____
10. Remuneration of foreign personnel paid for in foreign currency	_____	_____	_____
11. Others (Please specify)	_____	_____	_____



**COMPUTATION OF COMPLIANCE  
INDIGENOUS RAW MATERIAL CRITERION**

**Compute the ratio of cost of indigenous raw materials to total raw materials cost by following the computation format below:**

	YR 1	YR 2	YR 3	YR 4	YR 5	TOTAL
A. Total Cost of Raw Materials per AFS	PhP	PhP	PhP	PhP	PhP	PhP
B. Cost of Indigenous Raw Materials	PhP	PhP	PhP	PhP	PhP	PhP
1						
2						
3						
Total B	PhP	PhP	PhP	PhP	PhP	PhP

$$\frac{\text{Total (B)}}{\text{Total (A)}} \times 100 \geq 50\%$$

The derived ratio should not be lower than fifty percent (50%)

Notes :

- a. The annual cost of raw materials for all taxable years prior to the extension shall be derived from the Manufacturing Cost Statement of the AFS.
- b. The annual cost of indigenous raw materials shall be taken from the certified Breakdown of Raw Material Components submitted in support of the AFS. The indigenous raw materials applied for should not be those excluded by the Board.
- c. A five year computation period was used for illustration purposes only. In actual cases, this may differ depending on year of extension applied for.