



FIRB Advisory 014-2023

FOR : All Local Government Units, Local Treasurers and Assistant Local Treasurers; Investment Promotion Agencies and Registered Business Enterprises; and Others Concerned

SUBJECT : **Circulating the Department of Finance (DOF) Department Order (DO) No. 033-2023 entitled, “Guidelines on the Imposition of Local Taxes, Fees and Charges on Registered Business Enterprises (RBEs) Availing of Tax Incentives Prior to the Effectivity of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act”**

DATE : 31 August 2023

This Advisory is issued to circularize DOF DO No. 033-2023,¹ which provides the guidelines on the imposition of local taxes, fees, and charges on transitioning RBEs or those granted incentives **prior to the effectivity of the CREATE Act**.

These guidelines aim to clarify the rules for transitioning RBEs with respect to the imposition of local taxes, fees, and charges by local government units (LGUs) consistent with provisions of the Tax Code, as amended by the CREATE Act.

Under Section 311 of the Tax Code, as amended, transitioning RBEs may continue to avail of their respective incentives until the end of the transitory period. Accordingly, the following rules shall apply with respect to its liability insofar as local taxes, fees, and charges are concerned:

A. On local taxes:

1. Transitioning RBEs availing of ITH only and classified as either pioneer or non-pioneer shall be exempt from local business taxes for the remaining period of the ITH. All other transitioning RBEs shall be subject to local taxes.
2. Transitioning RBEs currently availing of ITH that are also entitled to the 5% tax on GIE after the ITH shall be exempt from local business taxes during the remaining period of the ITH. Thereafter, the RBE shall be

¹ 19 May 2023.

- exempt from all local taxes while availing the 5% GIE, subject to the 10-year limitation for both incentives.
3. Transitioning RBEs availing of 5% GIE only shall be exempt from local taxes for 10 years from the effectivity of the CREATE Act.

B. On fees and charges. Transitioning RBEs granted exemption from local fees and charges under their registration agreements with the concerned IPA, or by their respective LGUs, shall continuously be exempt from fees and charges for 10 years. Otherwise, LGUs may continue collecting such fees and charges if RBEs are liable thereto prior to the effectivity of CREATE.

For information and guidance.


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