NATIONAL ADMINISTRATIVE REGISTER · MARCH 30, 1990

GUIDELINES ON PPA ACCREDITATION OF CARGO HANDLING AND/OR CONTAINER YARD/CONTAINER FREIGHT STATION OPERATORS FOR THE AVAILMENT OF BOI INCENTIVES ON THE ACQUISITION OF CARGO HANDL...

PPA MEMORANDUM CIRCULAR NO. 12-90, March 30, 1990

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To increase port productivity and contribute to the national economic growth thru efficient cargo handling services in the ports, the government through the Board of Investment (BOI) and the Philippine Ports Authority (PPA) is extending assistance in the equipment acquisition/upgrading/modernization program of cargo handling and/or CY-CFS operators pursuant to the March 16, 1990 Memorandum of Agreement between the two agencies on the implementation of the Investment Priorities Plan (IPP) with respect to port cargo handling services and in accordance with the following guidelines on PPA accreditation:

1
Coverage of the BOI Incentives

1.1 Cargo handling contractors with existing management contracts from the Authority to provide arrastre and/or stevedoring services in both government and private ports, including operators of container yards/container freight stations (CY-CFS) either located within or outside the port zone with existing lease contract with PPA and/or appropriate permit/license from the Bureau of Customs (BOC), are eligible for accreditation with PPA to avail of the BOI incentives during the contract period of cargo handlers, or lease agreement/BOC permit/license for CY-CFS operators, or registration/permit to operate for private port operators with organic cargo handling operations.

2
BOI Incentives

2.1 Tax and duty free importation of capital equipment including spare parts equivalent to 10% of the total cost of the equipment and not in excess of the required quantity up to December 31, 1990. After December 31, 1990, the industry situation will be reviewed and it will be determined if there is a necessity for the tax exempt importation incentive to be continued up to August 12, 1992;

2.2 Tax credit on domestic capital equipment up to August 12, 1992 particularly payment of VAT and/or duty tax on equipment purchased locally.

2.3 Employment of foreign national.

3
Application for Accreditation

3.1 All applications for accreditation shall already include a proposed list of equipment and spare parts for acquisition through this BOI project.

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3.2 PPA shall provide to interested parties the application form (Annexes B and/or B-1) to be filled up by the head of the company or his duly authorized representative who shall submit three (3) copies thereof upon payment of the corresponding processing fee in the amount of one hundred (P100.00) pesos.

3.3 An application shall be supported by the following documentary requirements:

a. Certified true copy of management contract to undertake cargo handling or PPA Lease Contracts and/or appropriate BOC license/permit to operate CY-CFS or registration/permit to operate private ports for private port operators with organic cargo handling operations.

b. Latest audited financial statements.

c. List of Existing Capital Equipment certified true and correct by the Port Management Office. (Annex C).[*]

d. Proposed list of Capital Equipment and Spare Parts to be availed under this project. (Annex D).[*]

The existing and the proposed list of capital equipment must be submitted together with the application for accreditation.

4
Evaluation and Accreditation Procedures

4.1 A properly accomplished application form (made available in all PPA offices) and its supporting papers must be filed/submitted at the Port Management Office (PMO) under whose supervision the applicant renders his services. All applications including those that are filed at the Port District Offices (PDO) or Head Office (HO) shall be initially evaluated by the PMO concerned.

4.2 The PMO shall evaluate said application taking into account the documents required for accreditation; evaluation of existing CH/CY-CFS equipment compared with the actual and/or future requirement of the port or CY-CFS operations; the extent of modernization or expansion of existing fleet of equipment by the operator; and the proposed list to be purchased/ordered under this BOI program against the list in Annex "A" of this Circular and those identified/recommended by the PMO. For this purpose, Annexes "C"[*] and "D" shall be properly evaluated.

4.3 After evaluating the application for accreditation, the PMO shall either deny or recommend it for approval. If favorably recommended, the PMO shall forward to the PDO concerned the evaluated application with all its enclosures, containing the recommendation and the evaluated list submitted by the applicant or prepare a new list of the proposed equipment to be purchased based on the evaluation made.

4.4 The PDO shall review the processed application and the proposed list of equipment/spare parts and ensure that the procedures and documentation required have been complied before endorsing the same to Head Office.

4.5 The Port Operations and Services Department (POSD) shall process and prepare the Certificate of Accreditation (COA) and technical evaluation report on the proposed equipment/spare parts acquisition based on the reports of the PMO/PDO as required under the Memorandum of Agreement and submits the same to the Office of the General Manager, through the Office of the AGM for Operations, for signature/approval.

4.6 The Office of the AGM for Operations shall issue the duly approved COA to the qualified CH/CY-CFS operator and endorse a copy of same to the BOI.

4.7 All approved list of equipment and spare parts for importation or to be purchased locally from all accredited CH/CY-CFS operators shall be submitted to BOI for appropriate action.

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5
Conditions for Accreditation

PPA shall supervise compliance by duly accredited cargo handler and/or CY-CFS operators of the following conditions:

5.1 The equipment covered by the Certificate of Authority to import tax and duty free granted by BOI should be marked in a conspicuous manner with the following inscriptions;

"IMPORTED TAX AND DUTY FREE UNDER ART. 39(c) OF E.O. 226"

5.2 Spare parts that are purchased tax and duty free shall be limited to those normally accompanying the equipment and not to exceed 10% of the total cost of said equipment. Furthermore, the equipment should likewise be eligible for incentives.

The quantity of spare parts to be purchased should not exceed the requirements for one year.

5.3 All equipment listed in Annex A[*] which may be acquired tax and duty free shall be used exclusively for its registered activity and shall be restricted within the port zone and off-dock CY-CFS. Leasing of said equipment to third parties shall be absolutely prohibited. For this purpose, the PMOs shall conduct a periodic, on-the-spot check-up and monitoring of operator's cargo handling equipment that were imported tax free.

5.4 A quarterly inventory report on these equipment shall be submitted by the cargo handler and/or CY-CFS operator subject to actual inspection/verification by the Authority.

5.5 Any sale, transfer or disposition of capital equipment shall require prior notice of such intentions to PPA who shall have the priority to acquire subject equipment in order to promote continuous and efficient cargo handling services at the ports.

6
Provisions on Violations

The Authority shall have the right to cancel the applicant's accreditation on the following grounds:

6.1 Violation of any term and condition for accreditation imposed by PPA.

6.2 Violation of any condition for registration with the BOI.

6.3 Violation of any pertinent PPA and BOI rules and regulations.

This Circular shall take effect immediately.

Adopted: 30 Mar. 1990

(Sgd.) ROGELIO A. DAYAN
General Manager

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[*] Annexes available at the U.P. Law Center, upon request.

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