

SUB-CONTRACTING JOBS PERFORMED BY ECONOMIC ZONE EXPORT-PRODUCER ENTERPRISES FOR DOMESTIC MARKET-ORIENTED ENTERPRISES: INCLUSION OF SUB-CONTRACTING FEE REVENUES UNDER LOCAL SALES...

PEZA MEMORANDUM CIRCULAR NO. 2000-003, NOVEMBER 13, 2000, November 13, 2000

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Revenues earned by economic zone export-producer enterprises from sub-contracting jobs performed for domestic market-oriented enterprises should be counted as part of local sales in order to prevent abuse in the use of machinery and equipment economic zone export-producer enterprises are allowed to import tax and duty-free. The revenues should be limited to the actual amounts received by an enterprise for the sub-contracting job/activity performed, which should include cost of labor and the value of other production inputs owned and supplied by the economic zone export-producer enterprises, overhead and other costs. Cost of raw materials, semi-finished products and other materials supplied (i.e., farmed-in) by the domestic market oriented enterprises for which the sub-contracting job is being performed should not be counted as part of the subcontracting fee/revenue.

As in local sales of finished products by economic zone export-producer enterprises, a Local Sales Processing Fee (LSPF) of 2% shall be imposed on the Sub-contracting Fee for every sub-contracting job performed for domestic market-oriented enterprise, provided that the LSPF for each transaction shall not be less than P1,000.00 or shall not exceed P10,000.00 per transaction, per Memorandum Circular No. 99-0009 dated 09 November 1999, implementing PEZA Board Resolution No. 99-263 dated 06 October 1999.

Please note that the 2% Local Sale Processing Fee, as an administrative service fee, already covers the application fee which was previously set at P1,000.00 and collected separately from the 2% processing fee.

For your information and guidance.

Adopted: 13 Nov. 2000

(SGD.) LILIA B. DE LIMA
Director General

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