# EXPLANATORY NOTES IN THE RECENT ADJUSTMENT OF LOCAL SALES PROCESSING FEE

Read online (full-text search, related cases, audio case brief): https://batas.org/library/4a6a0aaf6719/

We have received a number of calls, re PEZA's adjustment of the Local Sales Processing Fee (LSPF), which maintained the rate at 2% of sales value but set a minimum fee of P1,000.00 and a maximum fee of P10,000.00.

Some economic zone enterprises with relatively low-value sales (i.e., sales less than P50,000.00) complained that the P1,000.00 minimum LSPF is higher than what they had to pay prior to the adjustment. Others wanted to know if the maximum LSPF of P10,000.00 applies to their entire authorized annual local sales allowance or to one sales-transaction only.

In this connection, please take careful note of the following important points:

1. The original LSPF of 2% of sales was perceived as a tax, in as much the fee was based on an "ad valorem" rate (i.e., it was based on value and did not have a maximum limit). Consequently, a number of companies complained that they were paying PEZA huge sums of money for their local sales. They pointed out that the local sales allowance is intended to be an incentive for export producers and, therefore, should not be taxed by PEZA.

2. The PEZA Management Committee decided that, as an administrative fee, the LSPF should reasonably cover all costs pertaining to the processing, issuance, recording, monitoring and filing of authorized annual local sales allowances and permits for withdrawal of goods (to be sold in the domestic market) from the economic zones. The PEZA Management Committee further decided that, as much as possible, the LSPF should be a fixed amount, preferably a reasonably small one.

3. The first estimate was for PEZA to charge a fixed LSPF of P5,000.00; the amount was subsequently lowered to P3,000.00.

A fixed LSPF of P5,000.00 will benefit enterprises with local sales usually valued at P250.000.00 or greater and will be disadvantageous to those with local sales usually valued lower than this amount.

Similarly, a fixed LSPF of P3,000.00 will benefit enterprises with local sales usually valued at P150,000.00 or greater and will be disadvantageous to those with local sales usually valued lower than this amount.

4. In order that the LSPF will not be too burdensome for economic zone enterprises with smaller local sales transactions (i.e., local sales lower than P150,000.00), the PEZA Management Committee decided to implement a "compromise" scheme that will ensure economic zone enterprises with big local sales transactions that their LSPF will not exceed P10,000.00 no matter what the value of their local sales and, at the same time, allow PEZA to "cross-subsidize" the LSPF of economic zone enterprises with smaller local sales transactions. The "compromise" LSPF scheme consists of:

- A minimum LSPF of P1,000.00 (for local sales with values less than or equal to P50,000.00).

- LSPF of 2% of sales value (for local sales with values greater than P50,000.00 but less than P500,000.00); and



Turn this case into an audio lecture - facts, issues, ruling and doctrine - at batas.org

- A maximum LSPF of P10,000.00 (for local sales with values of P500,000.00 or greater.

5. The LSPF rates (i.e., minimum, 2% of sales value and maximum) shall apply to each sales-transaction or to each batch or shipment of goods to be withdrawn from an economic zone enterprise for local sales. The LSPF has nothing to do with an economic zone enterprise's authorized annual total local sales allowance.

6. Economic zone enterprises with small-value local sales transactions may mitigate or reduce the impact of the minimum LSPF of P1,000.00 per local sales transaction by arranging to sell in bulk to a trading company outside the economic zone for "retail" resale to traditional buyers.

For your information and guidance.

Adopted: 09 Nov. 1999

(SGD.) MARY HARRIET O. ABORDO
Deputy Director General for Operations
RESOLUTION NO. 99-263

RESOLVED, That Resolution No. 95-163 dated 06 December 1995 is hereby amended insofar as the processing fee for local sales of quality finished products is concerned.

RESOLVED FURTHER, That henceforth, the processing fee for local sales of quality finished products shall be two percent (2%) of the selling price: Provided, That in no case should the said processing fee be less than Php 1,000.00 nor more than Php 10,000.00 per transaction.

(SGD.) ATTY. B. MARC A. CANUTO
Corporate Secretary


*Bar review courses, mock exams and a study planner that keeps you on pace - batas.org*

ABOUT BATAS.ORG

# Study smarter at BATAS.org

*The Philippine bar review and law-school companion built around how your brain actually remembers.*

### The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

### Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

### Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

### The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

### Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

### A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

**Start free at https://batas.org**

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.