

**MEMORANDUM CIRCULAR No. 2017-002
Series of 2017**

TO : ALL BOARD OF INVESTMENTS (BOI) REGISTERED ENTERPRISES AND ALL CONCERNED

SUBJECT : REVISED TERMS AND CONDITIONS OF BOI-ACCREDITED NON-GOVERNMENTAL ORGANIZATION ENGAGED IN DIRECT PARTICIPATION ON THE COMPLIANCE OF THE TWENTY PERCENT (20%) SOCIALIZED HOUSING REQUIREMENT

WHEREAS, paragraph 3 of Article 7 (Powers and Duties of the Board) of Executive Order (E.O) No. 226, otherwise known as the Omnibus Investments Code of 1987, as amended, provides that the Board has the power to process and approve applications for registration with the Board, imposing such terms and conditions as it may deem necessary to promote the objectives of E.O. No. 226;

WHEREAS, paragraph 7 of Article E.O No. 226, provides that the Board has the power to *“periodically check and verify the compliance by registered enterprises with the relevant provisions of this Code, with the rules and regulations promulgated under this Code and with the terms and conditions of registration”*;

WHEREAS, pursuant to the Investments Priorities Plan, all economic/low cost housing projects must comply with socialized housing requirement (SHR) by building socialized housing units in an area equivalent to at least 20% of the total registered project area or total BOI registered project cost for horizontal housing and 20% of the total floor area of qualified saleable housing units for vertical housing projects;

WHEREAS, compliance with the 20% SHR may be done through any of the following modes: (a) Development of a new settlement directly undertaken by the registered entity; (b) Development of a new settlement through joint venture arrangements with the Local Government Unit, Affiliate or other related enterprise of the BOI- registered entity, or Developer accredited by the Housing and Land Use Regulatory Board;

WHEREAS, in lieu of the above modes for compliance with the 20% SHR, vertical housing projects may opt to donate provided: (1) the donation is made to BOI accredited Non Government Organization (NGO) and (2) the amount to be donated shall be equivalent to 30% of (20% of the building construction cost based on the actual number or equivalent total floor area of qualified saleable low cost housing units) or not less than 40% of the estimated Income Tax Holiday;

WHEREAS, there is a need to monitor the compliance with the 20% SHR of vertical housing projects that enter into an Agreement with the BOI-accredited NGO;

NOW THEREFORE, in order to effectively carry out the intent and purposes of E.O. No. 226, as amended, the Board, in its meeting of **01 February 2017**, by virtue of **Board Resolution No. 3-03, Series of 2017**, with a quorum duly present, approved the revised terms and conditions for BOI-Accredited NGOs engaged in Socialized Housing and Community Development Projects, as follows:

1. The accredited entity shall enter into a Memorandum of Agreement (MOA) with a BOI registered enterprise for purposes of compliance with the Twenty Percent Socialized Housing Requirement (20% SHR), incorporating the mandatory provisions prescribed by the BOI as hereto attached.
2. The accredited entity shall submit to the BOI the duly signed and notarized MOA within fifteen (15) days from signing of the Agreement.
3. The accredited entity shall be accountable for the BOI-registered enterprise's contribution, and shall ensure completion of the socialized housing units, including other facilities as may be agreed by the parties, pursuant to the Agreement.
4. The construction cost per socialized housing unit shall not be less than Two Hundred Thousand Pesos (Php 200,000.00).
5. The accredited entity shall, before entering into a new Agreement with a BOI registered enterprise for the construction of socialized housing units, ensure that the construction of the socialized housing units covered by its previous Agreement are completed and/or in accordance with the timetable set for the previous projects as required in the Agreement. Further, the accredited entity shall first complete the community development or construction of housing units in one location before transferring to another location, unless there is a pressing need to do otherwise due to unforeseeable occurrence of those falling under the acts of God.
6. The accredited entity shall provide for basic facilities such as electricity, water and sewerage system.
7. The accredited entity shall submit the following reports to the Board:

Document	Due Date
Project Completion Report	30 days from completion of the project
Annual Community Report	30 th day of January of the following year
Annual Summary of Contribution	
Other reports, information, or documents as may be required by the Board	

8. Failure to submit any of the above mentioned reports within the prescribed period will mean imposition of fines and penalty including suspension to accept donations from BOI registered enterprise or cancellation of accreditation as follows:

*Penalty for late filing of reports:
Maximum Basic Fine Daily Fine*

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| a. 1st Violation | P 25.00 & 5.00/day |
| b. 2nd Violation | P 50.00 & 10.00/day |
| c. 3rd Violation and subsequent violations | P 100.00 & 20.00/day |

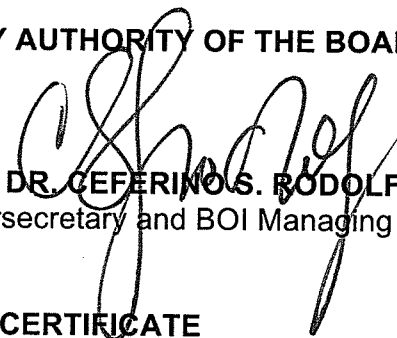
9. The accredited entity shall have a separate book of accounts for contributions made by BOI-registered enterprises.
10. The accredited entity shall be subject to auditing and ocular inspection of the socialized housing units by the BOI.
11. The accredited entity shall notify the Board of any changes in their:

- a. Organizational Chart or Table of Organization
 - b. List of Board Members and Officers with Contact Addresses
 - c. Amendment of its SEC Registration and by-Laws
 - d. Certificate of Accreditation from the Board of Accountancy (BOA)
 - e. Accreditation (by other government agency/ies)
 - f. Affiliation (if member of NGO network/s)
12. The Certificate of Accreditation shall be valid from its date of approval and shall be in effect for a period of three (3) years, unless earlier revoked by the Board.
 13. Application for renewal must be filed one (1) month before the expiry date of accreditation.
 14. The accredited entity shall observe and abide by the terms and conditions as set forth herein and other related laws and their implementing rules and regulations as well as its commitments and representations made in the application for accreditation and take adequate measures to ensure that its obligation thereunder as well as those of its officers, employees and stockholders are faithfully discharged; provided it is understood that any misrepresentation or falsification in the documents or other supporting papers submitted to the Board shall constitute as ground for automatic cancellation of its accreditation.
 15. The accredited entity shall maintain compliance with the accreditation criteria. Failure of the accredited entity to meet continuing compliance with the accreditation criteria and these terms and conditions are grounds for revocation of its accreditation.

This Circular shall take effect immediately upon publication in a newspaper of general circulation and three (3) copies thereof shall be filed with the Office of the National Administrative Register (ONAR), University of the Philippines (UP) Law Center, Diliman, Quezon City pursuant to Presidential Memorandum Circular No. 11 dated 09 October 1992.

Done in Makati City, this ___ day of February 2017.

BY AUTHORITY OF THE BOARD



DR. CEFERINO S. RODOLFO
Undersecretary and BOI Managing Head

SECRETARY'S CERTIFICATE

This is to certify that Memorandum Circular No. 2017-___ has been approved by the BOI through **Board Resolution Resolution No. 3-03, Series of 2017.**



Atty. MARJORIE O. RAMOS-SAMANIEGO
Board Secretary

**MANDATORY PROVISIONS IN THE MEMORANDUM OF AGREEMENT BETWEEN
THE BOI-ACCREDITED NON-GOVERNMENTAL ORGANIZATION AND THE BOI-
REGISTERED ENTERPRISE FOR PURPOSES OF COMPLIANCE WITH THE
TWENTY PERCENT (20%) SOCIALIZED HOUSING REQUIREMENT**

1. A stipulation that the BOI-registered enterprise shall make a contribution to the BOI-accredited entity an amount equivalent to either 30% or 20% of the project construction cost or 40% of the BOI-registered enterprise's Income Tax Holiday (ITH) claim.
2. Information on the following:
 - a. Project details of the BOI registered vertical housing projects such as Registration No. and date of the main project, socialized housing project name and location together with the topographic map, approach applied (either 30% of 20% of Project Construction Cost or 40% of ITH Claim) and amount of compliance required, and taxable year of the ITH application for which the donation shall be credited.
 - b. Amount of Contribution of the Developer and the corresponding number of units to be built and the cost ascribed to each unit. The construction cost per socialized housing unit shall not be less than Two hundred thousand pesos (Php 200,000.00)
 - c. Timetable for the completion of the project in percentage and no. of units to be built within the prescriptive period.
 - d. Period of completion of the project which shall not exceed one (1) year from the date of signing of the agreement or prior to ITH availment for that particular taxable year, whichever comes later.
3. A stipulation on the obligations of the Parties:
 - a. Accredited Entity:
 - i. Submit to the BOI the duly signed and notarized Memorandum of Agreement within fifteen (15) days from signing of the Agreement with the BOI registered enterprise:
 - ii. Issue an official receipt and Certificate of Donation to the BOI-registered enterprise copy furnished the BOI; and
 - iii. Submit the following reports to the BOI:

Document	Due Date
Project Completion Report	30 days from completion of the project
Annual Community Report	30 th day of January of the following year
Annual Summary of Contribution	
Other reports, information, or documents as may be required by the Board	

- b. The accredited entity and the BOI-registered enterprise shall ensure that the construction of the socialized housing units commensurate to the BOI-registered enterprise's compliance for the taxable year as agreed upon shall be completed prior to ITH availment.