REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
**BUREAU OF INTERNAL REVENUE**
Quezon City

May 27, 2004

**REVENUE MEMORANDUM CIRCULAR NO. 33 - 2004**

**SUBJECT** : Revised Rules And Regulations Implementing R.A. No. 8502, Otherwise Known As, The "Jewelry Industry Development Act Of 1998"

**TO** : All Internal Revenue Officers and Employees and all Others Concerned

For the information and guidance of all revenue officials and employees, quoted hereunder is Joint DTI-DOF-BOC-BIR Administrative Order No. 01 Series Of 2004 prescribing the revised rules and regulations of Republic Act (R.A.) No. 8502, otherwise known as the "Jewelry Industry Development Act Of 1998":

**"JOINT DTI-DOF-BOC-BIR ADMINISTRATIVE ORDER NO. 01 Series of 2004**

**SUBJECT: REVISED RULES AND REGULATIONS IMPLEMENTING R.A. NO. 8502, OTHERWISE KNOWN AS, THE "JEWELRY INDUSTRY DEVELOPMENT ACT OF 1998"**

Pursuant to Section 6 of R.A. No. 8502, otherwise known as the Jewelry Industry Development Act of 1998, these Revised Rules and Regulations simplify, consolidate, and amend the Implementing Rules and Regulations of R.A. No. 8502, superceding DTI-BOI Rules and Regulations Implementing R.A. No. 8502, BIR Revenue Regulation 1-99, Joint DOF-BOC Order No. 1-99, and Joint BIR-BOC Order No. 1-99.

**Rule I**
**BASIC GUIDELINES**

**Section 1. Declaration of Policy.** Recognizing that the jewelry industry has the potential for more employment generation, enhance tax collection efficiency, increase the industry linkages with the other sectors of the economy, and to increase our foreign exchange earnings through exports and import substitutes, it is hereby declared to be the policy of the State to support, promote and encourage the growth and development of the predominantly, small and medium scale jewelry industries. Toward this end, the State shall undertake to encourage the development of the jewelry industry by:

(a) Promoting and encouraging local jewelers to join the formal sector by making the jewelry industry sector a partner in the task of building up the small and medium enterprises through the establishment of an adequate support structure and the creation of a business environment conducive to the viability, legalization and development of the jewelry sector;
(b) Adopting appropriate tax incentives and programs necessary for the acceleration and growth of the industry; and
(c) Promoting and institutionalizing the effective promotion and participation of associations of the jewelry industry and cooperatives particularly in the advancement of the skills and craftsmanship of Filipino workers therein.

**Section 2. Designation of Agencies.** The Board of Investments (BOI) is hereby designated by the Department of Trade and Industry (DTI) to assist the latter in the monitoring, overseeing and supervision related to the implementation of Republic Act No. 8502 and its Rules and Regulations. The Bureau of Customs (BOC) and the Bureau of Internal Revenue (BIR) are likewise designated by the Department of Finance (DOF) to implement the grant of development incentives under Section 3 (a), (b), (c), (d) and (h) of R.A. No. 8502.

**Section 3. Construction.** These Rules shall be liberally construed in order to promote its objectives and to ensure a speedy process of accreditation and availment of development incentives by Qualified Jewelry Enterprises.

## Rule II
## DEFINITION OF TERMS

**Section 1.** For the purposes of Republic Act No. 8502 and these Rules and Regulations, the terms used herein shall be construed to have the following meaning:

(a) "Accreditation" – shall mean the process by which the Board of Investments determines the eligibility of applicant jewelry enterprise for the assistance, counseling, and other incentives provided under R.A. No. 8502; and applicant jewelry association for the endorsement of its members for accreditation under the Act.
(b) "Act" – shall mean the Jewelry Industry Development Act of 1998 (R.A. No. 8502).
(c) "Annual Business Plan" – shall refer to the document submitted by the enterprise applying for accreditation under the Act and these Rules, which indicates the proposed imported and local acquisition of raw materials / supplies, machinery and equipment, tools and spare parts, as well as the projected production and sales covering its year of accreditation.
(d) "Assaying" – shall mean the determination of precious metal content in jewelry or precious metal alloys used for jewelry.

(e) "Base Metals" – shall mean iron and steel, copper, nickel, aluminum, lead, zinc, tin and their articles thereof, and other base metals and their articles as defined in Section XV of the Tariff and Customs Code of the Philippines, as amended.

(f) "Bill of Lading" – shall refer to the document issued by a carrier to a shipper, signed by a captain, agent, or owner of a vessel, furnishing written evidence regarding receipt of articles (cargo), the conditions on which transportation is made (contract of carriage), and the engagement to deliver goods at the prescribed port of destination to a lawful holder of the bill of lading, as well as proof of ownership or title to the goods.

(g) "BIR" – shall mean the Bureau of Internal Revenue.

(h) "Board" or "BOI" – shall mean the Board of Investments.

(i) "BOC" – shall mean the Bureau of Customs.

(j) "BPS" – shall mean the Bureau of Product Standards.

(k) "CDA" – shall mean the Cooperative Development Authority.

(l) "Certificate of Accreditation" – shall refer to the evidence issued by the Board attesting to the compliance of an applicant with all the qualifications for accreditation, and which shall serve as a proof of the registration of the applicant with the Board for the activity/ies so accredited. The Certificate of Accreditation shall be valid for one (1) year and renewable thereafter upon compliance with the requirements set under these Rules.

(m) "Commercial Invoice" – shall refer to the document issued by an exporter to signify sales. This document identifies the seller and buyer of articles, invoice number, date, shipping date, mode of transport, delivery and payment terms, and a complete listing and description of the articles sold including prices, discounts, and quantities.

(n) "Cutting" – shall mean the process of shaping precious stones on revolving diamond charged or other abrasive grinding wheels.

(o) "Date of Accreditation" – shall mean the date when the Certificate of Accreditation is issued after the completion of the Board's evaluation of the applicant for accreditation.

(p) "Date of Official Acceptance" – shall mean the date stamped on the application and recorded in the Record of Application Book of the Board. However, for applications for accreditation filed with the BOI Extension Offices, the date of official acceptance, in relation to the ten (10) working day period for automatic approval, shall be the date the application is recorded in the Record of Application Book of the Board until such time that the extension offices are fully equipped to accept and process the applications.

(q) "DOF" – shall mean the Department of Finance.

(r) "DTI" – shall mean the Department of Trade and Industry.

(s) "Electroplating" – shall mean the process of depositing a layer of metals on to a conductive surface through the use of electricity.

(t) "Exclusive use of jewelry inputs, machinery and equipment" – shall refer to the employment, application, use or consumption by a Qualified Jewelry Enterprise of jewelry inputs, machinery and equipment acquired with incentives under this Act, solely for the

purpose of manufacturing jewelry or any aspect of such manufacturing process.

(u) "Fine Jewelry" – shall mean:
   (1) Articles of personal adornment made of precious metals, stones, pearls or combinations thereof (for example: rings, bracelets, necklaces, brooches, earrings, watch-chains, fobs, pendants, tie pins, cuff links, combs, tiaras, dress-studs, religious or other medals and insignia); and
   (2) Articles made of precious metals, with or without stones for personal use of a kind normally carried in the pocket, handbag or in the person (for example: cigarette cases, powder boxes, chain purses, cachou boxes).

(v) "Forming" – shall mean the generic terms for the processes used in shaping precious metals and imitations thereof such as bending, dapping, chasing, repousse, sinking, hammering, with or without stakes, using stamps and dies, forging, fusing and engraving.

(w) "Imitation jewelry" – shall mean articles falling under item (u) (1) but not including buttons, dress-combs, hair-slides or the like, or hairpins, not incorporating natural or cultured pearls, precious or semi-precious stones nor precious metal or metal clad with precious metal, except as plating or as minor constituents.

(x) "Imitation of precious stone" – shall mean any man-made reproduction, copy, imitation, likeness and semblance of any of the aforementioned stones, processed, manufactured, or done in any method or procedure.

(y) "Imitation of precious metal" – shall mean non-precious metal electroplated to simulate precious metals.

(z) "Import Incentives Availment Report" or "IIAR" – shall mean a document issued by the Board carrying a serial number, together with the Certificate of Accreditation, which shall be presented to the BOC upon every tax and/or duty free importation by Qualified Jewelry Enterprise. The document shall contain pertinent information on actual import incentives availment by Qualified Jewelry Enterprise, such as (i) Approved Projected Value of Importation, (ii) HS Code, (iii) Description, (iv) Quantity, (v) CIF Value, (vi) Duty Rate, (vii) Value of Exemption, (viii) Designated Port/s, (ix) Date of Arrival, and (x) Bill of Lading/Airway Bill Number, among others.

(aa) "Jewelry Enterprise" – shall mean an enterprise engaged in any aspect involved in the manufacture of jewelry, which includes, among others:
   (1) Manufacture of fine jewelry;
   (2) Manufacture of imitation jewelry;
   (3) Cutting and polishing, forming of precious stones or in producing imitations thereof;
   (4) Pearl farming, pearls culturing, and in the production of imitation pearls;
   (5) Refining and/or forming of precious metals and/or imitations of precious metals; manufacture of articles made of precious metals utilizing goldsmithing and/or silversmithing techniques;

manufacture and/or processing of other raw materials and parts used in the manufacture of jewelry; and

(6) Activities in support of qualified jewelry enterprise, such as electroplating, precious stone appraisal and certification, assaying and refining, and subcontracting to another qualified jewelry enterprise.

(bb) "Other raw materials used in the manufacture of jewelry" – shall mean:

(1) Raw materials, supplies and other materials such as, but not limited to: clasps, chains in spools, wires, sheets, findings, settings, rubber molds, cleaning solution, soldering pads, binding wires, points wheel, and sharpening stones; and

(2) Consumable materials, such as, but not limited to: injection waxes, investment powders, fluxes, solders, enamels, electroplating materials and polishing compound.

(cc) "PERD" – shall mean the Project Evaluation and Registration Department of the BOI.

(dd) "Polishing" – shall mean the process of smoothening and shining the surface of metals for jewelry making or precious stones for lapidary.

(ee) "Precious/fine metals" – shall mean gold, silver, platinum, palladium, rhodium, ruthenium, iridium, and osmium. These include alloys of precious metals, solders and plating chemicals such as rhodium and palladium plating solutions and potassium gold cyanide and potassium silver cyanide and silver cyanide in salt solution.

(ff) "Precious stones" – shall mean diamond, ruby, emerald, sapphire, opal, amethyst, beryl, topaz, garnet that are used in jewelry making, including those formerly classified as semi-precious stones.

(gg) "Precious stone appraisal and certification" – shall mean the examination of precious stone to determine its quality (i.e., cut, clarity, color and carat) and estimated market value.

(hh) "SEC" – shall mean the Securities and Exchange Commission.

(ii) "SMD" – shall mean the Supervision and Monitoring Department of the BOI.

(jj) "Qualified Jewelry Enterprise (QJE)" – shall mean any natural or juridical entity, either a single proprietorship, cooperative, partnership, or corporation, organized and existing under Philippine laws, which is issued a BOI accreditation under R.A. No. 8502 and its Implementing Rules and Regulations.

(kk) "Record of Application Book of the Board" – shall mean the Record of Application for Accreditation Book under R.A. No. 8502 especially evolved for purposes of the Act, wherein the name of the applicant shall be recorded and the corresponding date of the official acceptance of the application are so consecutively entered. This is to be differentiated from the Accreditation Book, which contains the names of all Qualified Jewelry Enterprises, and their corresponding dates of accreditation and renewal of accreditation.

(ll) "Refining" – shall mean methods of purifying precious metals from its impurities up to 99.99% purity.

(mm) "Subcontracting" – shall mean the act of entering into an agreement with another qualified jewelry enterprise engaged in jewelry

manufacturing to perform any or specified part of the manufacturing process.

(nn) "TESDA" – shall mean the Technical Education and Skills Development Authority.

**Section 2.** The Explanatory Notes of the Harmonized Commodity Description and Coding System, including the General Rules for Interpretation of the Harmonized System, provided under Section 103 of the Tariff and Customs Code of the Philippines, shall be the point of reference in case question arises on the correctness and accuracy of the definition of terms with respect to articles of jewelry.

## Rule III
## DEVELOPMENT INCENTIVES TO QUALIFIED JEWELRY ENTERPRISES

**Section 1. Development Incentives.** The following incentives shall be available to Qualified Jewelry Enterprises:

(a) Entitlement to zero (0) duty on imported raw materials, which include precious/fine metals, loose gems, precious stones, jewelry parts, accessories, and supplies for use by Qualified Jewelry Enterprise as specifically mentioned in Chapter 5 of Section I, Chapter 12 of Section II, Chapters 25, 26 and 27 of Section V, Chapters 28, 34 and 38 of Section VI, Chapter 70 of Section XIII, Chapter 71 of Section XIV, Chapter 83 of Section XV, and Chapter 96 of Section XX of the Tariff and Customs Code, as amended. These raw materials are enumerated in Annex "A" hereto attached and made an integral part hereof;

(b) Exemption from the imposition of excise tax on all goods commonly or commercially known as jewelry, whether real or imitation pearls, precious and semi-precious stones and imitation thereof; all goods made of, or ornamented, mounted or fitted with precious metals or imitations thereof, as specifically mentioned in Section 150 (a) of the National Internal Revenue Code of the Philippines, as amended, and enumerated in Annex "C" hereto attached;

(c) Entitlement to zero (0) duty on imported capital equipment, including spare parts and tools thereof falling within Chapter 69 of Section XIII, Chapter 82 of Section XV, Chapters 84 and 85 of Section XVI and Chapter 90 of Section XVIII of the Tariff and Customs Code as amended, and enumerated in Annex "B" hereto attached;

(d) Additional deduction from taxable income of fifty percent (50%) of expenses incurred in training schemes approved by the appropriate agency and which shall be deductible during the financial year the expenses were incurred;

(e) Gold and silver sales by the Bangko Sentral ng Pilipinas under minimal margins;

(f) Authority to buy gold and silver directly from other sources without any specific authority from the Bangko Sentral ng Pilipinas. However, this shall not include sale of gold and silver from small-scale miners, which, as mandated by R.A. No. 7076, People's Small Scale Mining Act of 1991, are required to be sold to the Bangko Sentral ng Pilipinas;
(g) Inclusion of locally manufactured jewelry products in the government's tourist duty free shops, including the promotion, advertisement, and sale of jewelry products; and
(h) Qualified Jewelry Enterprise availing of incentives provided under the Act and these Rules shall still be eligible to incentives provided for by other special laws such as:
    (1) Republic Act No. 7844 (Export Development Act of 1994)
    (2) Republic Act No. 7916 (Special Economic Zone of 1995)
    (3) Executive Order No. 226 (BOI Omnibus Investment Code)

    Provided that, the jewelry enterprise shall register under the aforestated laws, or that the activity is export-oriented, and that there is no double availment of the same incentives.

## Rule IV
## COVERED ARTICLES

**Section 1.** The articles specifically listed in Annex "A" hereof, classified under Section 104 of the Tariff and Customs Code of 1978, as amended, which are jewelry raw materials and supplies, shall be accorded zero percent (0%) duty on their importation by Qualified Jewelry Enterprise.

**Section 2.** The articles specifically listed in Annex "B" hereof, classified under Section 104 of the Tariff and Customs Code of 1978, as amended, which are machinery, equipment, tools and/or spare parts used in the manufacture of jewelry, shall be accorded zero percent (0%) duty on their importation by Qualified Jewelry Enterprise.

**Section 3.** The articles specifically listed in Annex "C" hereof, classified under Section 104 of the Tariff and Customs Code of 1978, as amended, which are jewelry raw materials and supplies covered under Section 150 (a) of the National Internal Revenue Code of the Philippines, shall be accorded zero percent (0%) excise tax on their importation by qualified jewelry enterprise.

**Section 4.** The Board of Investments, Department of Finance, Bureau of Customs, Bureau of Internal Revenue, in consultation with concerned private sector and other government institutions, shall conduct an annual review of the attached Annexes "A", "B", and "C" covered by the above Sections 1, 2 and 3, respectively.

## Rule V
## QUALIFICATIONS FOR ACCREDITATION

**Section 1. Specific Qualifications of Jewelry Enterprise.** To be entitled to accreditation under the Act and these Rules, an applicant must comply with the pertinent qualifications provided herein:

(a) It is either a single proprietorship, cooperative, corporation, partnership, or organization established and duly authorized to do business under Philippine laws;
(b) In case the applicant is a corporation, the area of activity in which it is engaged or proposing to engage is within its corporate purposes as indicated in its Articles of Incorporation;
(c) It has secured a Mayor's Permit or City/Municipal Business Permit;
(d) It has secured appropriate BIR Registration;
(e) It is endorsed by a duly accredited jewelry association certifying membership of good standing; and
(f) It is engaged or proposing to engage in any of the activities of a jewelry enterprise as defined in Rule II of these Rules. For activities in support of jewelry manufacturing, the following qualifications are further required:
    (1) For Assaying – the accredited firm/facility shall secure accreditation from and shall adopt the standards to be set by the Bureau of Product Standards (BPS).
    (2) For Precious Stone Appraisal and Certification – precious stone appraisal and certification shall be based on the standards and accreditation to be set by the BPS.
    (3) For Subcontracting of Jewelry Manufacturing – the jewelry enterprise shall enter into an agreement with another Qualified Jewelry Enterprise engaged in jewelry manufacturing to perform any or specified part of the manufacturing process.

**Section 2. Specific Qualifications of Jewelry Association** – the following qualifications are required:

(a) It must be duly registered with the SEC;
(b) It must be at least one (1) year in existence for member of the Confederation of Philippine Jewelers, Inc., otherwise, the jewelry association must be at least three (3) years in existence; and
(c) It must have at least ten (10) active members.

## Rule VI
## REQUIREMENTS AND PROCEDURES FOR ACCREDITATION

**Section 1. New Application for Accreditation: Documents to be Submitted** – To be entitled to accreditation under the Act and these Rules, an applicant must submit all of the following to the Board:

(a) For Jewelry Enterprise
   (1) Duly notarized application form for accreditation (Form RA 8502-1), Annual Business Plan, location map and plant layout for each and every place of production;
   (2) DTI Business Name registration (for single proprietorship) / SEC Registration and Articles of Incorporation and By-Laws (for partnership, corporation and organization) / CDA Registration (for cooperative);
   (3) Certificate of Registration with the BIR;
   (4) Certificate of Registration for Importers issued by the Customs Intelligence and Investigation Service (CIIS) of the BOC;
   (5) Mayor's Permit or City/Municipal Business Permit;
   (6) Endorsement from a duly accredited jewelry association certifying membership of good standing;
   (7) Duly notarized certification by the enterprise of its total assets (for newly- formed enterprise);
   (8) Income Tax Return (ITR) duly filed with the BIR with attached Audited Financial Statement (for existing enterprise); and
   (9) Sworn statement that it shall exclusively use the jewelry inputs, machinery and/or equipment acquired with incentives under this Act for jewelry manufacturing.

(b) For Jewelry Association
   (1) Duly notarized application form for Accreditation (Form R.A. 8502-2);
   (2) List of active members including their contact person, office and plant addresses, telephone and fax numbers;
   (3) Annual Information Return duly filed with the BIR, including attachments, if any; and
   (4) Accomplishment / Annual Report for the past one (1) or three (3) years for member and non-member of the Confederation of Philippine Jewelers, Inc., respectively, indicating its activities, programs and projects.

**Section 2. Renewal of Accreditation: Documents to be Submitted -** To be entitled to a renewal of the Certificate of Accreditation under the Act and these Rules, an applicant must submit all of the following to the Board:

(a) For Jewelry Enterprise
   (1) Duly notarized application form for Accreditation (Form R.A. 8502-1), Annual Business Plan, location map and plant layout for each and every place of production;
   (2) Annual Report on Actual Operations ending calendar/fiscal year (BOI Form S-1 (RA 8502));
   (3) Original copy of the Import Incentives Availment Report indicating importations made with incentives during the previous year;
   (4) Income Tax Return (ITR) duly filed with the BIR with attached Audited Financial Statement (AFS);
   (5) Endorsement from a duly accredited jewelry association certifying membership of good standing;

(6) Certificate of Registration with the BIR;
(7) Mayor's permit or City/Municipal Business Permit;
(8) Sworn statement that is shall exclusively use the jewelry inputs, machinery and/or equipment acquired with incentives under this Act for jewelry manufacturing; and
(9) All documentary requirements necessary for the availment of excise tax exemption, as may be required by the BIR, shall be submitted to the Board as additional requirements for the renewal of accreditation, such as, but not limited to, proof of payment of the annual registration fee with the BIR and copies of all excise tax returns for tax-exempt activities, as well as taxable activities, if any, for the year/period covered by the previous accreditation.

(b) For Jewelry Association
(1) Duly notarized application form for Accreditation (Form R.A. No. 8502-2);
(2) List of active members including their contact person, office and plant addresses, telephone and fax numbers;
(3) Annual Information Return duly filed with the BIR, including attachment, if any; and
(4) Accomplishment / Annual Report for the previous year, indicating its activities, programs and projects.

**Section 3. Procedures for Accreditation under R.A. No. 8502.** Any jewelry enterprise / association, which has all the qualifications under Rule V, may be accredited under R.A. No. 8502, in accordance with the following procedures:

(a) The applicant shall file two (2) sets of duly notarized application form, complete with the documentary requirements, as listed under Sections 1 and 2 of Rule VI, with the PERD or BOI Extension Office. Whenever appropriate, the Board may require submission of additional supporting documents.
(b) PERD or BOI Extension Office shall evaluate the application for accreditation by, among others, verifying the documents submitted by the applicant jewelry enterprise and conducting an ocular inspection of the production premises. It shall prepare and accomplish an evaluation sheet, which shall be the basis for the issuance or non-issuance of the Certificate of Accreditation. The evaluation sheet shall contain the approved projected value of importation of the applicant based on its assets, approved Annual Business Plan and operational performance, as the case may be.
(c) Upon approval by the PERD or BOI Extension Office, the application is officially filed with the Registration Division and recorded in the Records Application Book of the Board. Applicant pays the accreditation fee to the BOI cashier.

Application received and evaluated by BOI Extension Office shall be forwarded to the BOI Head Office within 48 hours from receipt and will be considered officially accepted upon payment of the accreditation fee and recorded in the Record of Application Book of the Board. The

applicant shall shoulder the cost of mailing or delivery charges covering the transmittal of its application from the BOI Extension Office to the BOI Head Office.

(d) Registration Division prepares the Certificate of Accreditation and the Import Incentives Availment Report for signatures by the PERD Officers and the duly designated Executive Director.
(e) Registration Division logs the name of Qualified Jewelry Enterprise, Certificate of Accreditation No., amount of investment and the date of accreditation or renewal of accreditation in the Accreditation Book.
(f) The Certificate of Accreditation and the Import Incentives Availment Report, together with the approved Annual Business Plan, shall be issued to the applicant within ten (10) working days from the date of official acceptance.

**Section 4. Amendments to the Annual Business Plan**

(a) For any changes in the annual business plan that will exceed the projected value of importation, brought about by reasons such as, but not limited to, increase in demand, demand for new products, adoption of new technology, etc., the Qualified Jewelry Enterprise shall file a formal request to the Board, together with a revised business plan and documents to prove its justifications thereof.
(b) The approval or disapproval of the request shall be based on the justifications and the proofs submitted by the Qualified Jewelry Enterprise.
(c) Upon approval of the request, PERD shall prepare an approval letter for signature by the Executive Director.
(d) PERD shall issue the approval letter indicating the new projected value of importation by the Qualified Jewelry Enterprise. PERD shall immediately provide copies of approval letter and the revised Business Plan to DOF, BOC, BIR and SMD.

**Section 5. Reporting.** PERD shall prepare a report to the Board, as often as necessary, on the approved accreditations and the amount of investments. PERD shall provide copies of the Certificate of Accreditation and the Import Incentives Availment Report, together with the approved Annual Business Plan, as well as the annual report on actual operations, to the DOF, BOC, BIR and SMD within five (5) days upon their issuance.

## Rule VII
## PROCEDURES FOR THE RELEASE OF TAX- AND DUTY-FREE IMPORTED ARTICLES

**Section 1. Import Procedures with the BOC**

(a) Upon filing of the Import Entry Declaration, the Qualified Jewelry Enterprise shall present the following documents to the Customs Collector at the port of entry:

(1) Commercial Invoice;
(2) Bill of Lading;
(3) BOI Certificate of Accreditation under R.A. No. 8502;
(4) Import Incentives Availment Report with attached approved Annual Business Plan, including amendments thereto duly approved by the Board; and
(5) Such other documents as may be required by BOC pursuant to laws, rules and regulations as may hereinafter be issued.

(b) The Customs Collector shall verify if the importation is included in Annex "A", "B" or "C" of this Order.

(c) The Customs Collector shall record in the Import Incentives Availment Report all pertinent information on the importation.

(d) The Customs Collector shall check that the cumulative amount of importation does not exceed the approved Projected Value of Importation.

(e) The Import Incentives Availment Report (IIAR) shall be accomplished in duplicate by the Collector of the port or his duly authorized representative. The original copy shall be given to the Qualified Jewelry Enterprise, and the duplicate shall be retained by the BOC.

(f) In case the cumulative value of importation exceeds the BOI-approved Projected Value of Importation, the Customs Collector shall require the Qualified Jewelry Enterprise to submit a duly approved new projected value of importation and revised business plan by the BOI under Section 4 of Rule VI. Otherwise, the Qualified Jewelry Enterprise shall pay the appropriate taxes and duties on the amount of importation in excess of the BOI-approved value of importation.

(g) The BOC shall release the tariff and/or excise tax free inputs, machinery and equipment, tools and spare parts, in accordance with Rule IV, Sections 1, 2, and 3.

**Section 2. Reporting.** The Bureau of Customs (BOC) shall provide the BOI, DOF and BIR with a quarterly report on the import incentives availment (duty exemption and/or excise tax exemption), including taxes (value added tax, excise taxes) and duties paid by Qualified Jewelry Enterprises. The BOC shall likewise provide these offices with an annual report on the taxes and duties paid on the importations by all jewelry enterprises.

## Rule VIII
## PROCEDURES IN THE AVAILMENT OF ADDITIONAL DEDUCTION FOR TRAINING EXPENSE

**Section 1. Additional Deduction for Training Expense.** A Qualified Jewelry Enterprise providing training to its employees may avail of the additional deduction equivalent to fifty percent (50%) of the expenses incurred in training schemes for the purpose of computing the net taxable income. The said fifty percent (50%) deduction shall be in addition to the allowable ordinary and necessary expenses on training actually incurred by the enterprise during the taxable year.

**Section 2. Conditions for the Availment of the Tax Incentive**

(a) A qualified jewelry enterprise must submit to the BIR a certified true copy of its Certificate of Accreditation issued by the BOI.
(b) The training schemes must be approved by the Technical Education and Skills Development Authority (TESDA).

TESDA must certify as to the description (objectives, type of training to be given, course syllabus, among others) and t
he cost of the training program. TESDA must likewise certify that the training program was actually conducted and was instrumental to the acquisition of appropriate skills by recipient trainees employed in the Qualified Jewelry Enterprise. A certification from TESDA as to the accreditation of, and the actual conduct of the training program must be secured and shall be attached to the enterprise' income tax return (ITR) covering the taxable quarter / year the training programs were conducted. A summary report shall be attached thereto containing the detailed format on the actual cost of every training and aggregate training expenses incurred within the taxable period. For every training conducted, a corresponding TESDA certification shall be issued.

In-house training conducted by the Qualified Jewelry Enterprise should also be accredited and approved by TESDA. All the aforementioned documents supporting the proof of training(s) undertaken by the enterprise shall likewise be attached to the ITR.

**Section 3. Period considered for Tax Deduction.** The additional deduction from training expenses shall be claimed in the taxable year in which the training expenses have been incurred.

**Section 4. Documentary Requirements.** The tax deduction may be availed of by the qualified jewelry enterprise upon filing of the quarterly / final income tax return accompanied with the following supporting documents to the BIR:

(a) Certified true copy of BOI Accreditation;
(b) Certification from TESDA as to the registration of the training program, its description, the cost of the said training program, and the actual conduct of training;
(c) Official receipts of training expenses; and
(d) Summary report containing details of the actual cost of every training and aggregate training expense incurred within the taxable year.

## Rule IX
## SUPERVISION AND MONITORING

**Section 1. Supervision and Monitoring of Qualified Jewelry Enterprises**

(a) The Qualified Jewelry Enterprise shall secure prior approval from the Board on any changes in the location and plant layout of the production premises, as well as the establishment of additional place of production and/or retirement of existing production premises.
(b) SMD shall supervise and monitor all Qualified Jewelry Enterprises as to their compliance with all the conditions set forth in their accreditation as such, and shall recommend appropriate sanctions and penalties for violations committed under the Act and these Rules.
(c) PERD shall forward copies of annual reports, AFS and ITR of the Qualified Jewelry Enterprise to SMD, which shall be the bases for its supervision and monitoring activities.

**Section 2. Submission of Annual Reports and Transcript Sheets of Official Register Books**

(a) The Qualified Jewelry Enterprise shall submit an Annual Report on Actual Operations using BOI Form S-1 (R.A. 8502) within one (1) month after the end of the calendar/fiscal year. The annual report shall provide information on the following: (i) Employment Benefits; (ii) Incentives availed under R.A. 8502; (iii) Taxes/fees paid to the government; (iv) Performance in terms of production and sales; (v) Cost of production; (vi) Actual utilization of raw materials and supplies imported with incentives under R.R. 8502, among others.
(b) The Qualified Jewelry Enterprise shall submit to the Board the transcript sheets of the Official Register Books (ORB), prepared on a monthly basis, within one (1) month after the end of the calendar/fiscal year.

**Section 3. Jewelry Enterprise Also Engaged in Exciseable Activities.** All laws, Rules and Regulations governing excise taxation shall be enforced by the BIR, and shall be complied with by any Qualified Jewelry Enterprise on its activity, if any, that is not covered by the tax incentives granted under the Act.

**Section 4. Conditions for Continued Availment of Incentives**

(a) Annual Accreditation – for purposes of continued availment of incentives, all jewelry enterprises shall apply for renewal of accreditation with the Board within forty-five (45) days before the date of expiration, as indicated in the Certificate of Accreditation.
(b) Visitorial Powers – the enterprise shall allow authorized representatives of the BOI to inspect and examine its premises, its Books of Accounts, and other pertinent records and documents to ascertain compliance with these Rules.

(c) Separate Book of Accounts for Accredited Jewelry Manufacturing – the enterprise shall maintain a separate Book of Accounts / Accounting System for its accredited jewelry manufacturing activities.

## Rule X
## REQUIREMENT TO KEEP BOOKS OF ACCOUNTS, OFFICIAL REGISTER BOOKS AND OTHER RECORDS

**Section 1.** All Qualified Jewelry Enterprises availing of tax incentives under R.A. No. 8502 shall keep books of accounts, including the Official Register Books (ORB), and other pertinent records pursuant to the provisions of the National Internal Revenue Code of 1997 and its Implementing Revenue Regulations. These records and the actual operations of the enterprise shall be subject to inspection and verification by duly authorized revenue officer for the purpose of ascertaining compliance with the conditions under which they have been granted the tax incentives, and their tax liability, if any.

## Rule XI
## REPORTING AND REVIEW

**Section 1.** BIR shall provide the BOI with an annual report of tax collections on the industry-wide basis, such as income tax, excise tax and VAT paid by all jewelry enterprises.

Section 2. DTI/BOI shall submit to BIR the transcript sheets of the ORB, prepared on a monthly basis, within one (1) month after the end of calendar/fiscal year of operation of the Qualified Jewelry Enterprise.

**Section 3.** DTI/BOI shall submit an annual consolidated Report to Congress on the implementation of the Act as provided under Section 5 thereof. DOF, BIR and BOC shall likewise be provided with such report.

**Section 4.** DTI/BOI shall provide the BIR with copies of documents submitted by Qualified Jewelry Enterprises.

**Section 5.** The parties herein shall periodically meet, or as the need arises, in order to review these Rules and to introduce amendments thereto, if necessary.

## Rule XII
## SYNCHRONIZED GOVERNMENT SUPPORT

**Section 1.** All departments, bureaus, agencies or instrumentalities of the government are enjoined to extend the necessary assistance to Qualified Jewelry Enterprises to ensure the implementation of the Act in a synchronized manner and achieve the objectives thereof.

## Rule XIII
## EFFECTS OF WITHDRAWAL FROM BUSINESS OR SUSPENSION OF OPERATIONS

**Section 1. Effect of Non-implementation of Project Timetable.** In case a Qualified Jewelry Enterprise incurs a delay of six (6) months in the implementation of its project timetable, the Board shall, upon due notice, automatically cancel the Certificate of Accreditation. The enterprise shall surrender its Certificate of Accreditation and the IIAR within fifteen (15) calendar days from receipt of the notice of automatic cancellation.

**Section 2. Withdrawal from Business; Cessation of Operations.** Whenever a Qualified Jewelry Enterprise decides to withdraw from business or suspend its operations for at least six (6) months, a written notice thereof shall be sent to the Board before the decision is implemented.

Withdrawal from business operations for more than six months shall cause the automatic cancellation of the Certificate of Accreditation, which shall then be surrendered to the Board, together with the IIAR, within the period specified in Section 1 hereof. Upon such withdrawal, the enterprise shall cease to be entitled to the incentives provided under the Act and these Rules.

The effect of withdrawal from business or suspension of operations in the accredited activity shall, in each particular instance, be determined by the Board, taking into account the reasons thereof and the condition of the Qualified Jewelry Enterprise. The Board may, in appropriate cases, require the payment of incentives in whole or in part, with or without interest or penalties.

## Rule XIV
## SANCTIONS

**Section 1. Grounds for Cancellation of Accreditation.** Certificate of Accreditation issued under the Act and these Rules shall be suspended or cancelled for any of the following grounds:

(a) Failure to maintain the qualifications of a Qualified Jewelry Enterprise or accredited association;
(b) Violation of any provision of the Act and these Rules;
(c) Violation of the terms and conditions specified in the Certificate of Accreditation, or orders issued by the Board; and
(d) Violation of any law for the protection of the environment as determined by the appropriate government agency.

**Section 2. Grounds for Suspension of Incentives.** For the same grounds enumerated in the immediately preceding section, the Board

may suspend the enjoyment of one or more incentives enjoyed by a Qualified Jewelry Enterprise depending upon the gravity of the offense committed.

**Section 3. Violation of Other Laws.** Acts of violation by Qualified Jewelry Enterprises of the National Internal Revenue Code, as amended, the Tariff and Customs Code, as amended, the Labor Code and such other applicable laws shall be subject to the penalties provided under said laws.

**Section 4.** The BOI shall immediately notify the DOF, BIR and BOC of the cancellation or suspension of the Certificate of Accreditation of the jewelry enterprise.

## Rule XV
## APPEAL

**Section 1. Administrative Appeal and Review.** All decisions of the Board under this Act may be appealed to the Office of the President within fifteen (15) days from receipt of the decision, otherwise the same shall become final and executory. Where an appeal has been perfected, such decision shall become final and executory ninety (90) days after the perfection of the appeal unless reversed.

**Section 2. Judicial Review.** The aggrieved party may seek a review of the Board's decision by filing an appropriate petition with the Court of Appeals.

## Rule XVI
## FEES

**Section 1.** The Board shall collect the following accreditation fees, which are based on the following categories of an enterprise, as defined by Small and Medium Enterprise Development Council (SMEDC), and are subject to amendment as approved by the Board:

| | |
|---|---|
| (a) New Application | |
| (1) Micro enterprise | P1,500 |
| (2) Small scale enterprise | P3,000 |
| (3) Medium scale enterprise | P4,500 |
| (4) Large scale enterprise | P6,000 |
| (b) Application for Renewal of Accreditation | |
| (1) Micro enterprise | P750 |
| (2) Small scale enterprise | P1,500 |
| (3) Medium scale enterprise | P2,250 |
| (4) Large scale enterprise | P3,000 |

## Rule XVII
## REPEALING CLAUSE

**Section 1. Repealing Clause.** All administrative orders, rules and regulations, or parts thereof, including DTI-BOI Rules and Regulations Implementing R.A. No. 8502, BIR Revenue Regulation 1-99, Joint DOF-BOC Order No. 1-99, and Joint BIR-BOC Order No. 1-99, which are inconsistent with the provisions of these Rules and Regulations are hereby repealed, amended, or modified accordingly.

## Rule XVIII
## EFFECTIVITY

**Section 1.** These Implementing Rules and Regulations shall take effect fifteen (15) days following its publication in a newspaper of general circulation.

**Secretary of Trade and Industry**

**Secretary of Finance**

**Undersecretary and Managing Head**
**Board of Investments**

**Commissioner**
**Bureau of Internal Revenue**

**Commissioner**
**Bureau of Customs**