

## **FAQ**

### 1. Why should I consider doing business in SBGP?

One should consider doing business in SBGP because of the following reasons:

- Strategically located, being at the center of the fastest growing commerce in Asia
- . It offers a lot of business incentives
- One of the highest levels of security found in any Philippine economic zone
- Productive, low-cost and English-proficient workers
  - US\$6.63 minimum daily wage
  - More than 700,000 working population in SBF in Subic Bay Freeport and its environs
  - Highly trainable workforce
- Industrial peace, no record of labor strikes or unrest
- Quality development infrastructure
  
- . Well-preserved natural environment

### 2. What business incentives do I get in putting up a business in SBGP?

- Exemption from all local and national taxes with only a 5% final tax on gross income earned computed based on Gross Sales less the following “allowable deductions” depending on the activities such as manufacturing, infrastructure, development and service, in reference to Section 57 of the Rules and Regulations implementing R.A. 7227, as amended by R.A. 9400.
  - Raw Materials
  - Intermediate goods & finished products
  - Production/services supervision salaries
  - Direct salaries, wages or labor expenses
  - Financing charges associated with fixed assets
  - Supplies and fuels used in the production/rendering services
  - Rent and utility charges associated with buildings and equipment
  - Depreciation, lease payments, or other expenditures on building and equipment
- SBF enterprises, depending on the specific type of enterprise, are likewise allowed to deduct some other expenses as specified under the law.
- Tax and Duty-free importations of raw materials, capital and equipment
- Up to 100% foreign ownership.
- No foreign exchange control; full repatriation of profit is allowed.
- Percentage of Income allowable from Sources Within the Customs Territory

SBF Enterprises may generate income from sources within the Customs Territory of up to thirty percent (30%) of its total income from all sources, provided, that should an SBF Enterprise’s income from sources within the Customs Territory exceed thirty percent (30%) of its total income from all sources, then it shall be subject to the income tax laws of the Customs Territory; provided, further, that in any case, customs duties and taxes must be paid with respect to income from sales and articles to the Customs Territory
- Visa-free entry for 14 days, and renewable.
- Special Subic-Clark visas available to expatriates.

3. What is the cost of doing business in SBGP?

**Cost of Doing Business**

**Subic Bay Freeport Zone**

**Exchange Rate: US\$ 1.00 = PhP 45.51**

**As of August 23, 2010**

**Lease Rates**

Subic Bay Industrial Park (SBIP-SBDMC)	(sq.m. /month)		
Industrial Land	PhP 2.958. <sup>15</sup>	US\$ 65 lumpsum	50 years / month
Subic Bay Techno Park (STEP)			
Lot	PhP 4,095. <sup>90</sup>	US\$ 90 lumpsum	43 years / month
Office Space	PhP 455. <sup>10</sup>	US\$ 10 sqm/month	+ PhP 60 monthly due
Factory	PhP 227. <sup>55</sup>	US\$ 5 sqm/month	

**Minimum Daily Wage**

<b>Location</b>	<b>Basic Pay</b>	<b>Cola (Cost of Living Allowance)</b>	<b>TOTAL</b>
Region III	P306.00	P24.00	P330.00

**Power Rate**

Customer Type	Residential (PhP)	Commercial (PhP)	Industrial (PhP)	Street Light (PhP)
Distribution Charges				
Distribution System Charge PhP/kWh	1.503	0.4850	0.3617	1.2006
Demand Charge PhP/kWh		208.8400	155.1500	
Supply Charges				
Supply System Charge PhP/kWh	0.1176			
Retail Customer Charge PhP/Meter/Mo.		120.3400	1450.1600	94.7900
Metering Charges				
Metering System Charge PhP/kWh	0.2189			
Retail Customer Charge	5.000	662.6900	1146.3600	159.9100
Interclass Cross Subsidy (1/3 Removal) PhP/ kWh	-0.3019	-0.0106	0.0406	-0.0710
Universal Charges				
Missionary Electrification PhP/kWh	0.0978	0.0978	0.0978	0.0978
Environmental Charge PhP/kWh	0.0025	0.0025	0.0025	0.0025

**Water and Sewerage**

Residential Rate	0-10 cu. m.	PhP 18.78	US\$ 0.41
	11-30 cu. m.	PhP 20.66	US\$ 0.45
	31-60 cu. m.	PhP 28.17	US\$ 0.62
	61-100 cu. m.	PhP 32.87	US\$ 0.72
	Over 100 cu. m.	PhP 37.54	US\$ 0.83
Standing Charge		PhP 461.63	US\$ 10.14

Hotels	0-50 cu. m.	PhP 34.64	US\$ 0.76
	51-100 cu. m.	PhP 38.08	US\$ 0.84
	101-300 cu. m.	PhP 43.26	US\$ 0.95
	301-500 cu. m.	PhP 46.73	US\$ 1.03
	Over 500 cu. m.	PhP 50.21	US\$ 1.10
Standing Charge		PhP 461.63	US\$ 10.14

Commercial & Industrial	0-50 cu. m.	PhP 34.10	US\$ 0.75
	51-100 cu. m.	PhP 37.52	US\$ 0.82
	101-300 cu. m.	PhP 42.62	US\$ 0.94
	301-500 cu. m.	PhP 46.04	US\$ 1.01

	Over 500 cu. m.	PhP 49.45	US\$ 1.09
Standing Charge		PhP 461.63	US\$ 10.14

### Telecom Rates

	Residential	Business
Installation Rate	PhP 500	PhP 800
Monthly Rate	PhP 540	PhP 950
Security Deposit	PhP 2,000	PhP 5,000

### Residential DSL

Xperience	PhP 999	Up to 1mb
Xcite	PhP 1,995	Up to 2mb
Xal	PhP 3,000	Up to 3mb
Installation:	PhP 1,200	

### Business DSL

Bizlite	PhP 4,000	Up to 3.5mb
Jr.	PhP 8,000	Up to 4.5mb
Sr.	PhP 14,500	Up to 5mb
Installation:	PhP 1,200	

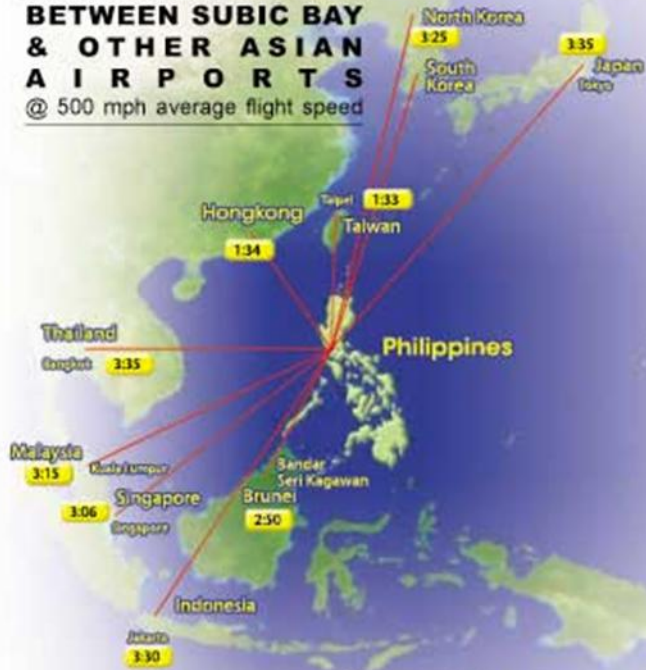
### Cable TV

Installation Fee	PhP 2500.00	US\$ 54.93
Monthly Rate	PhP 550.00 / plus Php 125 additional line	US\$ 12.08

4. How accessible is SBGP?

**ONE OF THE MOST ACCESSIBLE FREEPORTS IN ASIA,  
NESTLED IN A SECURED AND WELL-PRESERVED ENVIRONMENT**

**AIR TRAVEL TIME  
BETWEEN SUBIC BAY  
& OTHER ASIAN  
AIRPORTS  
@ 500 mph average flight speed**



Subic Bay's strategic location has become its strongest link to world trade, being at the center of Asia's fastest growing commerce.

Once a fortress of a mighty naval command and for fourteen years the Asian hub of giant courier Federal Express, Subic's strategic importance has become the most sought point for trading of goods, services and technology especially for its Asian neighbors.

**ACCESS BY LAND**

Subic Bay Freeport is accessible by land from any points in Luzon via superhighways - the North Luzon Expressway (NLEX) and the newly opened 94 kilometers Subic-Clark-Tarlac Expressway (SCTEX). It is between two to three hours drive from Metro Manila, the capital of the Philippines.

**ACCESS BY AIR**

SBF is accessible to three international airports, namely, the Ninoy Aquino International Airport (NAIA) in Manila, the Diosdado Macapagal Airport in Clark Freeport Pampanga, and its very own international airport, the Subic Bay International Airport.

**ACCESS BY SEA**

The Port of Subic Bay is 110 kilometers north of Manila, facing the South China Sea. It is northwest of Bataan peninsula and southwest of the Province of Zambales. Subic Bay's access points bring it in close proximity to Asia's busiest ports and to more than three billion consumer markets in Asia.

**NAUTICAL MILES BETWEEN SUBIC BAY  
& VARIOUS ASIAN PORTS**

PORTS	NAUTICAL MILES	SAILING HOURS
Kaohsiung	494	24.7 (1 day - 0.7 hours)
Manila	66	3.3
Cadayan and Bugo	608	30.4 (1 day - 6.4 hours)
Davao	950	47.5 (about 2 days)
Hongkong	555	27.8 (1 day - 3.8 hours)
Shanghai	1,062	53.1 (2 days - 5.1 hours)
Ho Chih Minh (Vung Tau)	1,173	58.6 (2 days - 10.6 hours)
Laem Chabang	1,515	5.8 (3 days - 3.8 hours)
Jakarta	1,569	78.5 (3 days - 6.5 hours)
Port Kelang	1,530	76.5 (3 days - 4.5 hours)
Singapore	1,335	66.8 (2 days - 18.8 hours)
Kobe	1,391	70.0 (2 days - 2.2 hours)
Busan	1,343	67.0 (2 days - 1.9 hours)

5. What are the steps in putting up a business in SBGP?

**STAGE 1**

**Day 1**

- The applicant shall submit a Letter of Intent, Business Proposal and other necessary documents to the Business & Investment Departments (BIDs)/Marketing Department

**STAGE 2**

**Day 2, 3, 4, 5**

- The BIDs/Marketing Department, in coordination with other concerned departments shall evaluate the documents.
- The BIDs/Marketing Department shall facilitate the signing of Letter of Conformity (LOC) between the applicant and the Freeport Authority. The LOC shall contain the area, location, lease rate and terms and conditions agreed upon.
- The BIDs/Marketing Department shall submit its recommendation to the CEO based on existing policies, rules and regulations.
- In case of disapproval the BIDs/Marketing Department shall state the specific reason/s for the same and the applicant may file for reconsideration.

**STAGE 3**

**Day 6, 7, 8**

- Upon the approval of the proposal by the CEO, based on the favorable recommendation of the BIDs/Marketing Department, a 30-Day Business Permit may be issued. In case of disapproval, the same shall be stated in writing, and the applicant shall be allowed to re-submit appropriated requirements for consideration and approval.

**STAGE 4**

**Day 9, 10, 11**

- The Applicant shall submit other documentary requirements and clearances necessary for the issuance of CRTE/RC.

## STAGE 5

### Day 12, 13, 14

- The applicant and Freeport Zone Authority shall sign the Lease Agreement provided that the lessee has already acquired juridical personality either from Securities and Exchange Commission (SEC) or the Department of Trade and Industry (DTI), in case of local companies; or license from SEC in case of foreign-registered corporation.
  - the applicant shall pay the necessary fees.
  - The Freeport Authority shall issue the CRTE/RC
6. Who can help me with all the requirements?
- SBDMC, the managing company of SBGP, has been helping its locators/investors set up their businesses at SBGP. SBDMC's business center can help you from the very start: from finding a location, to the registration of your business, from the construction of buildings to setting up manpower, including visa processing.
7. What other services does SBDMC offer after I set up my business?
- SBDMC also offers legal, engineering, accounting and other professional consultancies. It can help you with your insurance and landscaping needs or sourcing out raw materials for your business.