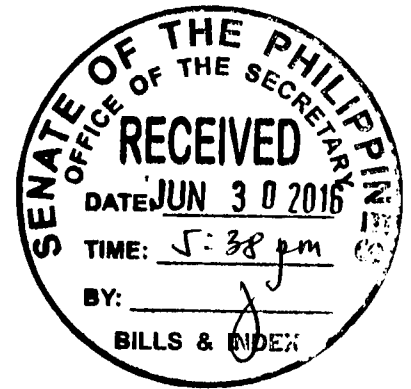


SEVENTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

SENATE
S.B. No. 175



Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

AN ACT
CREATING THE INNOVATION COUNCIL AND PROVIDING BENEFITS AND PROGRAMS TO
STRENGTHEN, PROMOTE, AND DEVELOP THE PHILIPPINE STARTUP ECOSYSTEM

EXPLANATORY NOTE

At the 2015 APEC Summit, the world saw a glimpse of Philippine innovation as Aisa Mijeno shared the story of her SALT Lamp, a lamp that is powered by saltwater, suitable for households along the rural coastal villages that have little or no stable access to electricity.

It is vital that we give all such ideas the chance to come to life. Through this bill, Filipinos with excellent startup business ideas will benefit by being given the necessary support—in terms of registration, incentives, subsidies, funding, technical assistance, accreditation and assessment, and a budding pool of talented workers that will aid them in the steep uphill one faces when putting up a business.

This bill aims to put in place the ecosystem necessary to cultivate startups in the Philippines.

The Innovative Startup Act will see the creation of an Innovation Council comprised of different government agencies such as DTI, DOST, DICT, members of the private sector, representatives of research institutions, among others, that can take the lead in directing innovation efforts, supporting startups with progressive programs starting from the school level onwards.

Through the Innovative Startup Act, valuable financial assistance will be awarded to startups through tax breaks and salary subsidies with the view of giving them the best chance at thriving.


The bill will mandate the creation of a fund specifically to provide grants to startups and to ensure the sustainability of running all programs and policies related to the Innovative Startup Act.

Moreover, this bill also seeks to ease restrictions to foreigners who are interested in working on startups in the Philippines by granting unique visas for those looking to participate in the Philippine Startup Ecosystem.

By supporting the startup ecosystem from multiple focal points, we ensure that startups have a reasonable chance at success and are given the opportunity to impact society with innovative businesses and products that can truly help us achieve our imperative of inclusive economic growth.

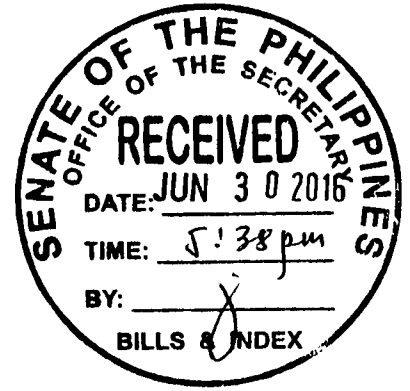
By creating the ecosystem for startups to operate, we bring more citizens into the fold of inventive and socially conscious entrepreneurship.

In view of the foregoing, the passing of this bill is urgently sought.


Senator Paolo Benigno "Bam" A. Aquino IV

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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 **SECTION 1. *Short Title.*** - This Act shall be known as the "*Innovative Startup Act.*"

2 **SECTION 2. *Declaration of Policy.*** – It is hereby declared the policy of the State to
3 foster inclusive growth through an innovative economy by streamlining government and
4 non-government initiatives, in both local and international spheres, to create new jobs and
5 opportunities, improve production, and advance innovation and trade in the country.

6 To this end, the State shall provide incentives to encourage and remove constraints
7 to the establishment and operation of innovative new businesses, and businesses crucial to
8 their growth and expansion, and to strengthen, promote, and develop an ecosystem of
9 businesses and government and non-government institutions that foster an innovative
10 entrepreneurial culture in the Philippines.

11 **SECTION 3. *Definition of Terms.*** – As used in this Act, the following terms shall
12 mean:

13 (a) *Business operation* – period that shall commence from the date the Authority to
14 Print Invoices/Receipts from BIR has been claimed by the owners of the enterprise or
15 their representative, and shall terminate upon the closure of the enterprise.

16 (b) *Core business function* – the primary undertaking of the enterprise as its main source
17 of revenue which in the case of the corporation shall be indicated in its articles of
18 incorporation.

19 (c) *End user* – the consumer of the product or service offered by the enterprise whether
20 for free or for a fee.

1 (d) *Innovative Startup* – a registered enterprise operating for no longer than sixty (60)
2 months whose core business function involves product, process, or business model
3 innovation; *Provided, That:*

- 4 i. the innovative product, process, or business model is the primary source of
5 revenue of the enterprise.
- 6 ii. the enterprise is not a mere end user of the innovative product, process, or
7 business model.
- 8 iii. the cost of the enterprise for research and development is at least fifteen
9 percent (15%) of its total operational cost, or is a licensee or owner of a
10 patent or registered software.
- 11 iv. the enterprise is not an affiliate, a subsidiary, or franchisee of a an enterprise
12 whose gross annual revenue exceeds fifty million pesos (PHP 50,000,000).
13
- 14 v. the gross annual revenue of the enterprise has not exceeded fifty million
15 pesos (PHP 50,000,000).

16 (e) *Innovative Product* – a good or service that is new or significantly improved, such as
17 improvements in technical specifications, component materials, software in the
18 product, user friendliness or other functional characteristics.

19 (f) *Innovative Process* – a new or significantly improved production or delivery method
20 through changes in techniques, equipment and/or software.

21 (g) *Innovative Business Model* – a new organizational method in business practices,
22 workplace organization or external relations.

23 (h) *Research and Development Cost* – the expenditure of the enterprise as a fraction of
24 its total operational cost that shall include the salary of the employees engaged in
25 research and development, purchase or lease of equipment, software, substances or
26 materials, and such other items and goods and services that may be justified for the
27 purposes of the development of the innovative good, service, process, or business
28 model of the enterprise.

29 (i) *Support Service Providers* – any enterprise that provides goods or services that are
30 identified to be crucial in supporting the operation and growth of innovative
31 startups, or enterprises whose core business function, which in the case of
32 corporations are indicated in their articles of incorporation, involves the targeted or
33 exclusive provision of goods and services to innovative startups.

34 **CHAPTER 1**
35 **CERTIFICATION**

36 **Application and Assessment**

1 **SECTION 4. *Certificate Application.*** – The Department of Trade and Industry (DTI)
2 shall be tasked to create and process the application for the certificates created under this
3 measure while ensuring that:

4 (a) current or prospective owner(s) of an enterprise shall be deemed eligible to apply,
5 and may commence with the application process for any of the certificates created
6 under this measure upon the presentation of the Certificate of Business Name
7 Registration;

8 (b) The result of the application shall be released within two (2) working days upon the
9 submission of complete requirements which must include an accomplished form
10 with information on the nature of the operation and core business function of the
11 current or prospective enterprise of the applicant;

12 (c) In case an application shall be rejected, the applicant shall be given a notice that
13 indicates and explains the grounds for rejection, and the right to contest the result
14 within ten (10) working days from the release of the result;

15 (d) In case an application shall be approved, the applicant shall be issued a probationary
16 certificate.

17 **SECTION 5. *Assessment Process.*** – DTI shall be tasked to subject bearers of a
18 probationary certificate to an assessment process to ascertain the nature of the operation
19 and core business function and such other information declared in the application ensuring
20 that:

21 (a) There shall be a minimum number of months of operation, currently set at three (3)
22 months, that must be fulfilled before a bearer of a probationary certificate can
23 undergo an assessment;

24 (b) DTI may adjust the requisite months of operation to be eligible for assessment
25 discussed in subsection (a) of this provision;

26 (c) Requests for assessment shall be accommodated regardless of the eligibility of the
27 enterprise to be assessed; *Provided,* That the assessment must be scheduled at a
28 date when the enterprise will reach the required minimum number of months of
29 operation governed by subsections (a) and (b) of this provision;

30 (d) The result of the assessment must be released within two (2) working days from the
31 date of assessment;

32 (e) In case the bearer of a probationary certificate fails the assessment, the bearer shall
33 be a given a notice that indicates and explains the grounds for the result, and the
34 right to contest the result within ten (10) working days from the release of the result;
35 and

1 (f) In case the bearer of a probationary certificate passes the assessment, the bearer
2 shall be issued the appropriate certificate created under this measure.

3 **Certificates**

4 **SECTION 6. Innovative Startup Certificate.** – DTI shall create certificates for
5 innovative startups and providers of support service envisioned under this measure that
6 shall have fields for information such as but not limited to the following:

7 (a) Type of Certificate;

8 (b) Certificate Number;

9 (c) Name of the Owner/s;

10 (d) Business Name and address;

11 (e) Date and place of issuance of certificate;

12 (f) Commencement of operation;

13 (g) Date of assessment;

14 (h) Assessment result/s;

15 (i) Certificate Expiration; and

16 (j) Office, name, position, and signature of the authorized signatory from DTI.

17 In the case of probationary certificates, all fields must be duly furnished with the
18 necessary information except (f) if the certificate bearer has not yet acquired the Authority
19 to Print Invoice/Receipts from the BIR, and except (g) which shall only be furnished by
20 pertinent authority in DTI once the certificate bearer has passed assessment.

21 DTI shall ensure that the contents of the certificates are true and consistent with the
22 information provided by the owner(s) of the registered enterprise in all stages of the
23 application for any of the certificates.

24 **SECTION 7. Type 1 Innovative Startup Certificate.** – DTI shall issue this certificate to
25 registered enterprises operating for no longer than sixty (60) months and whose core
26 business function involves product, process, or business model innovation; *Provided, That:*

27 (a) the innovative product, process, or business model is the primary source of revenue
28 of the enterprise;

29 (b) the enterprise is not a mere end user of the innovative product, process, or business
30 model;

1 (c) the cost of the enterprise for research and development is at least fifteen percent
2 (15%) of its total operational cost, or is a licensee or owner of a patent or registered
3 software;

4 (d) the enterprise is not an affiliate, a subsidiary, or franchisee of an enterprise whose
5 gross annual revenue exceeds fifty million pesos (PHP 50,000,000);

6 (e) the gross annual revenue of the enterprise has not exceeded fifty million pesos (PHP
7 50,000,000).

8 **SECTION 8. Type 2 Innovative Startup Certificate.** – DTI shall issue this certificate to
9 registered enterprises whose core business function involves products, process, or business
10 model innovation and that either:

11 (a) qualify as a Type 1 Innovative Startup but has operated for more than sixty (60)
12 months; and/or

13 (b) qualify as a Type 1 Innovative Startup except for subsection (d) in Section 7; and/or

14 (c) qualify as a Type 1 Innovative Startup except for subsection (e) in Section 7.

15 **SECTION 9. Type 3 Support Service Certificate.** – DTI shall issue this certificate to
16 support service providers that is not an affiliate, a subsidiary, or franchisee of an enterprise
17 whose gross annual revenue exceeds fifty million pesos (PHP 50,000,000), and the gross
18 annual revenue of the support service provider has not exceeded fifty million pesos (PHP
19 50,000,000), such as but not limited to:

20
21 (a) Co-working space operators;

22 (b) Incubators;

23 (c) Accelerators;

24 (d) Fabrication laboratories;

25 (e) Design centers.

26 **Expiration, Revocation, and Mandatory Assessment**

27 **SECTION 10. Expiration of the Certificate.** – The following certificates may be
28 renewed but shall expire after twenty-four (24) months from its issuance:

29 (a) Type 1 Innovative Startup Certificate;

30 (b) Type 2 Innovative Startup Certificate; and

1 (c) Type 3 Support Service Certificate.

2 Type 1 Innovative Startup Certificates shall ultimately expire after sixty (60) months
3 of operation and may no longer be renewed as a Type 1 Innovative Startup Certificate, but
4 may still be renewed as a Type 2 Innovative Startup Certificate.

5 In case the ultimate date of expiration of the Type 1 Innovative Startup Certificate is
6 less than thirty-six (36) months from issuance of a renewed certificate, the date of
7 expiration shall be set at the date of the ultimate expiration, at the end of the sixtieth (60th)
8 month of expiration of the enterprise.

9 Probationary Certificates shall expire after six (6) months from its issuance if it
10 remains subject to assessment, or has failed to pass assessment prior to its expiration.

11 Bearers of expired certificates shall be reserved the right to reapply for any of the
12 certificates created under this measure, but shall not be entitled to any benefit or privilege
13 reserved for bearers of unexpired certificates.

14 **SECTION 11. Mandatory Reassessment.** – Enterprises with a duly assessed
15 certificate shall be subject to mandatory reassessment by DTI one (1) month prior to the
16 expiration of their certificate. Enterprises that would pass the reassessment shall have its
17 certificate renewed, effective for another twenty-four (24) months beginning on the
18 expiration of their certificate.

19 Prior to the date for mandatory reassessment, bearers of the certificate shall reserve
20 the right to apply or request for an earlier reassessment, and have their certificate renewed
21 for another twenty-four (24) months beginning from the issuance of the result; *Provided,*
22 That they pass the reassessment.

23 **SECTION 12. Revocation.** – DTI shall reserve the right to set the standards for
24 revocation of any of the certificates created under this measure and revoke the certificates
25 of bearers who no longer meet the standards set to qualify for each type of certificate prior
26 to its expiration.

27 DTI shall first issue a notice detailing the grounds for the revocation of the
28 certificate. It shall then provide the enterprise at least twenty (20) working days in order to
29 contest or clarify.

30 DTI shall only proceed with revocation if the notice remains uncontested, or the
31 grounds have been confirmed despite contestation.

32 DTI shall also be required to immediately post on its website, and on the website
33 created under this measure, information on the revocation of certificates such as but not
34 limited to the following:

35 (a) Rules and regulations related to revocation;

1 (b) Cases of revocation and its resolution or result.

2 **CHAPTER 2**
3 **BENEFITS AND INCENTIVES**

4 **Registration Benefits**

5 **SECTION 13. *Registration Benefits.*** – Bearers of the certificates created under this
6 measure, including those with probationary status shall be entitled to the following
7 benefits:

- 8 (a) Waived fees in the application and processing of permits and certificates required
9 for the business registration of the enterprise with appropriate registering agency;
- 10 (b) Refund equivalent to the sum of fees and taxes levied by the local government unit
11 for the permit to operate and its prerequisites, to be claimed from DTI;
- 12 (c) Expedited processing of permits and certificates that are requisites to business
13 registration and operation.

14 In case bearers of a probationary certificate fail to pass the assessment prior to the
15 expiration of its probationary certificate, they shall be required to pay DTI an amount
16 equivalent to fees waived by State departments and agencies in the processing of permits
17 and certificates required for the business registration of their enterprise.

18 DTI shall only provide the refund equivalent to the fees levied by local government
19 units for the permit to operate and its prerequisites once the bearer of a probationary
20 certificate has successfully passed the assessment.

21 DTI shall identify government institutions that issue permits and certificates
22 pertinent to this provision, and shall require these institutions to create mechanisms for
23 expedited processing resulting to a timeline from application to approval that is shorter
24 than for those applying for the same permit, certificate, or document without any of the
25 certificates created under this measure.

26 All instrumentalities of the government that issue permits and certification that are
27 required for the operation of any business shall be tasked to place materials in conspicuous
28 areas advertising the entitlement to these benefits in its field offices.

29 **Tax Benefits**

30 **SECTION 14. *Tax Exemption.*** – Bearers of a duly assessed Type 1 Innovative Startup
31 Certificate shall be exempt from the following taxes arising from the operation of the
32 enterprise for the period covered by the validity of the certificate, which may be extended
33 subject to reassessment, and may last until the first sixty (60) months of its operation:

- 34 (a) Income tax arising from the operation of the enterprise;

- 1 (b) Value added Tax (VAT) for the sale and lease of goods, properties or services arising
2 in the course of trade or business of the enterprise or percentage tax;
- 3 (c) Creditable withholding tax on income; and
- 4 (d) Expanded withholding tax on its income payment.

5 **SECTION 15. Tax Deduction.** – Bearers of duly assessed Type 3 Support Service
6 Certificate shall be entitled to special deduction from taxable income equivalent to foregone
7 income arising from partial or discounted rates for services given to bearers of Type 1
8 Innovative Startup Certificate; *Provided, That:*

- 9 (a) Bearers of the Type 3 Support Service Certificate shall be required to disclose staple
10 rates in their application including discounted rates that shall be provided to bearers
11 of Type 1 Innovative Startup Certificate as a basis for the assessment of tax
12 deduction;
- 13 (b) Bearers of Type 3 Support Service Certificate must be able to provide supporting
14 documents such as copies of the Type 1 Innovative Startup Certificate of enterprises
15 receiving discounted rates; and
- 16 (c) Deductions shall only account for goods and services rendered by the bearer of a
17 Type 3 Support Service Certificate during the validity of its certificate and that of the
18 Type 1 Innovative Startup Certificate of the recipient of such goods and services.

19 **Intellectual Property**

20 **SECTION 16. IPO Subsidy.** – Bearers of duly assessed Type 1 Innovative Startup
21 Certificate shall be exempt from fees and charges levied by the Intellectual Property Office
22 of the Philippines for its services.

23 **Salary Subsidies**

24 **SECTION 17. Salary Subsidies.** – DTI, in coordination with DOST and DICT shall
25 provide salary subsidies to duly assessed Type 1 Innovative Startup Certificate bearers under
26 a competitive basis.

27 DTI, DOST, and DICT shall be mandated to create the regulations for the application
28 and awarding of this subsidy ensuring:

- 29 (a) That the subsidy shall only be granted for the purposes of hiring a competent
30 employee or consultant that shall aid in improving the technology readiness of the
31 innovative good or service, and the improvement of the innovative process or
32 business model of the applying enterprise;

- 1 (b) That the subsidy shall prioritize applicants whose innovative good, service, process,
2 or business model compliments or supports the achievement of the mandate of the
3 respective awarding agencies, or other State departments or agencies overseeing
4 priority programs of the State;
- 5 (c) That the coverage of the subsidy for each recipient employee or consultant for an
6 enterprise shall not exceed twelve (12) months;
- 7 (d) That the awarding agencies shall put limits such as, but not limited to, number of
8 recipients per enterprise at any given time, number of times an enterprise may be
9 awarded a subsidy, allowable rate of salary subsidy, maximum allowable salary
10 subsidy;
- 11 (e) That the enterprise awarded with salary subsidy must be able to provide the
12 awarding agency with timely information on the progress of projects or programs
13 where the recipient employee or consultant is involved, and other related
14 accomplishment reports;
- 15 (f) That the awarding agency shall reserve the right to terminate provision of the
16 subsidy, provided that such grounds for revocation used to terminate the subsidy
17 have been disclosed, or included in ensuing written agreements with the recipient
18 enterprise;
- 19 (g) That the awarding agency shall post such agreements involving salary subsidies in its
20 website, providing information such as but not limited to, recipient enterprise, terms
21 of the subsidy, and purpose of the subsidy, partial or full accomplishments of
22 recipient employees or consultants for the enterprise.

23 **Support Service Subsidy**

24 **SECTION 18. Support Service Subsidy.** – DTI, DOST, and DICT shall provide a support
25 service subsidy under a competitive basis to duly assessed Type 1 Innovative Startup
26 Certificate bearers.

27 DTI, DOST and DICT shall be mandated to create the regulations for the application
28 and awarding of this subsidy ensuring:

- 29 (a) That the subsidy shall prioritize applicants whose innovative good, service, process,
30 or business model compliments or supports the achievement of the mandate of the
31 respective awarding agencies, or other State departments or agencies overseeing
32 priority programs of the State;
- 33 (b) That the coverage of the subsidy for each recipient enterprise shall not exceed
34 twelve (12) months;

- 1 (c) That the awarding agencies shall put limits such as, but not limited to, number of
2 support service subsidies per enterprise, allowable subsidy rate, maximum allowable
3 amount for support service subsidy;
- 4 (d) That the awarding agency shall reserve the right to terminate provision of the
5 subsidy, provided that such grounds for revocation used to terminate the subsidy
6 have been disclosed, or included in ensuing written agreements with the recipient
7 enterprise;
- 8 (e) That the awarding agency shall post such agreements involving support service
9 subsidy in its website, providing information such as but not limited to, recipient
10 enterprise, terms of the support service subsidy, and purpose of the subsidy.

11 **Market Validation Study Subsidy**

12 **SECTION 19. Market Validation Study Subsidy.** – DTI shall provide a subsidy for
13 market validation studies under a competitive basis to duly assessed Type 1 Innovative
14 Startup Certificate bearers.

15 DTI shall be mandated to create the regulations for the application and awarding of
16 this subsidy ensuring:

- 17 (a) That the subsidy shall only be granted for the purposes of funding market validation
18 studies which may be outsourced to competent academic institutions, and providers
19 of consultancy service;
- 20 (b) That the subsidy shall prioritize applicants whose innovative good, service, process,
21 or business model compliments or supports the achievement of the mandate of the
22 respective awarding agencies, or other State departments or agencies overseeing
23 priority programs of the State;
- 24 (c) That the awarding agencies shall put limits such as, but not limited to, number of
25 subsidies per enterprise, number of times an enterprise may be awarded this
26 subsidy, allowable rate of subsidy, maximum allowable market validation study
27 subsidy;
- 28 (d) That the enterprise awarded with market validation study subsidy must be able to
29 provide the awarding agency with timely information on the impact and use of the
30 subsidy in the growth of the enterprise, and such other steps taken to utilize the
31 information gathered from the study, and other related accomplishment reports;
- 32 (e) That the awarding agency shall reserve the right to terminate provision of the
33 subsidy, provided that such grounds for revocation used to terminate the subsidy
34 have been disclosed, or included in ensuing written agreements with the recipient
35 enterprise;

- 1 (f) That the awarding agency shall post such agreements involving market validation
2 study subsidies in its website, providing information such as but not limited to,
3 recipient enterprise, terms of the subsidy, and purpose of the subsidy, partial or full
4 accomplishments of recipient employees or consultants for the enterprise.

5 **Venture Fund**

6 **SECTION 20. Innovative Startup Venture Fund.** – There is hereby created a one
7 billion peso (PHP 1,000,000,000) Innovative Startup Venture Fund, to be administered by
8 DOST, to cover for initial or supplemental investment requirements of bearers of the
9 certificates created under this measure.

10 DOST shall ensure that grants made under this fund shall be in line with national
11 priorities, or the mandate of State departments or agencies who may endorse applicants
12 whose innovation may aid them in fulfilling or complimenting their functions through their
13 programs.

14 **CHAPTER 3**
15 **STARTUP VISAS**

16 **SECTION 21. Innovative Startup Visas.** – The Bureau of Immigration shall be tasked
17 to promulgate the necessary rules and regulations in the provision of the following visas:

- 18 (a) General Startup Visa – This visa shall entitle its bearer to at least four (4) months and
19 at most twelve (12) months stay in the Philippines, depending on the need justified,
20 requiring only the following in addition to standard visa requirements:

- 21 i. Existing or prospective business plan for an Innovative Startup or provider of
22 identified support services; and
- 23 ii. Official endorsement or invitation from any of the following registered
24 enterprises in the Philippines justifying the purpose of the travel and its
25 duration:
- 26 1. Duly assessed Innovative Startup or Support Service Certificate bearers; or
27 2. Innovation Council – Department of Trade and Industry.

- 28 (b) Startup Founder Visa – This visa shall entitle its bearer, who owns a registered
29 enterprise in the Philippines, stay in the Philippines until three (3) months after the
30 non-renewal or the revocation of its Innovative Startup or Support Service
31 Certificate, requiring only the following in addition to standard visa requirements:

- 32 i. Business Permit of the applicant's registered enterprise in the Philippines; and
33 ii. Duly assessed Innovative Startup or Support Service Certificate of the
34 enterprise.

1 (c) Startup Employment Visa – This visa shall entitle its bearer exemption from the Alien
2 Employment Permit, and stay in the Philippines until three (3) months from the
3 expiration of the applicant’s employment contract with bearers of duly assessed
4 Innovative Startup or Support Service Certificate, requiring only the following in
5 addition to standard visa requirements:

- 6 i. Applicant’s employment contract endorsed by the hiring enterprise;
- 7 ii. Duly assessed Innovative Startup or Support Service Certificate of the hiring
8 enterprise; and
- 9 iii. Business Permit of the hiring enterprise.

10 *Provided*, That the endorsing employer shall inform Bureau of Immigration
11 within five (5) working days from the termination of the contract used to justify the
12 visa, and provide the whereabouts of the visa bearer that it endorsed.

13 (d) Startup Investor Visa – This visa shall entitle its bearer to a multiple entry visa for
14 complying with at least two million pesos (PHP 2,000,000) worth of total investment
15 into any bearer of duly assessed Innovative Startup or Support Service Certificate
16 within twelve months from the issuance of the visa, requiring only the following in
17 addition to standard visa requirements:

- 18 i. Certification under oath of duly-authorized officers of any accredited
19 depository bank in the Philippines as to the amount of foreign exchange
20 inwardly remitted by the alien applicant, and its conversion to pesos through
21 the said bank. *Provided*, That for inward remittances sent through non-
22 accredited correspondent banks, the total amount of remitted money should
23 be immediately transferred to the accredited banks;
- 24 ii. Certified true copy of peso time deposit with a maturity period of at least thirty
25 (30) days, amounting to at least two million pesos (PHP 2,000,000);
- 26 iii. If spouse and dependent children are included in the application, a marriage
27 contract duly authenticated by the Philippine Consulate or Embassy in the
28 applicant’s country, or the embassy of the country of the applicant in the
29 Philippines.

30 *Provided*, That the Innovation Council in coordination with the Board of
31 Investments shall reserve the right to create rules and regulations on the investment
32 requirement for the maintenance of this visa. The Board of Investment shall also
33 require for the periodic reporting of the investments to be determined in the
34 implementing rules and regulations of this measure.

35 **SECTION 22. Visa Expiration.** – The visas created under this measure shall have the
36 following terms of expiration:

1 (a) General Startup Visa shall last for at least four (4) months and at most twelve (12)
2 months, depending on the need justified, and shall expire on the date granted by the
3 authorized immigration officer;

4 (b) Startup Founder Visa shall expire after three (3) months after the expiration or the
5 revocation of the certificate of the enterprise used to justify the visa, or one (1)
6 month after the bearer of the visa has transferred ownership of the enterprise;

7 (c) Startup Employment Visa shall expire after three (3) months from the termination of
8 the employment contract used to justify the visa, or one (1) month after the
9 employer failed to comply with the requirement to furnish Bureau of Immigration
10 with a signed copy of the employment contract used to justify the visa;

11 (d) Startup Investor Visa shall expire two (2) months after the bearer failed to comply
12 with the investment requirements for this visa, or one (1) month after it has failed to
13 report its investments. Dependent Visas issued shall also expire upon the expiration
14 of the Startup Investor Visa used to justify its issuance.

15 *Provided*, That an alien whose visa either expired, or is pending expiration may still
16 apply or re-apply for visas created under this measure.

17 **SECTION 23. *Revocation of Startup Visas.*** – The visas created under this measure
18 may be revoked subject to any of the following conditions:

19 (a) If the bearer of the visa has been found to have falsified or misrepresented
20 information in the application;

21 (b) If the bearer of the visa has been found guilty of a crime of moral turpitude;

22 *Provided*, That visas created under this measure shall require applicants to provide
23 the pertinent authority access to criminal records that may be provided by the government
24 in the applicant's home country, or its embassy here in the Philippines.

25 *Provided further*, That documentary requirements such as security clearance shall
26 only be required from an applicant prior to visa approval in cases when there is evidence or
27 information against the applicant, such as but not limited to, International Police Advisory
28 that may be acted upon by pertinent authorities at the moment of application or its
29 processing. Otherwise, failing security clearance shall only be grounds for revocation of visas
30 created under this measure.

31 *Provided finally*, That the revocation of visa shall also result to the immediate order
32 for deportation of bearers of visas in question, and barring of re-application until charges
33 have been cleared.

34 **SECTION 24. *Startup Immigration Assessment.*** – Bureau of Immigration, in
35 coordination with the Innovation Council shall publish an annual report posted in their

1 website and in the official government portal created under this measure, statistical
2 information related to the startup visas such as but not limited to:

- 3 (a) Number of aliens granted with each type of visa per country, updated monthly;
- 4 (b) Rate of re-application for each type of visa, updated monthly;
- 5 (c) Rejection Rate (out of total monthly applications).

6 **SECTION 25. *Visa Fees.*** – The corresponding fees for each visa shall be consulted by
7 the Bureau of Immigration with the Innovation Council, where it shall be deliberated to
8 ensure that the price shall not serve as a barrier to its intended recipients.

9 **CHAPTER 4**
10 **STARTUP PROMOTION AND DEVELOPMENT**

11 **Innovation Council**

12 **SECTION 26. *Innovation Council.*** – There is hereby created an Innovation Council
13 hereinafter referred to as the Council, which shall be attached to the Department of Trade
14 and Industry.

15 **SECTION 27. *Mandate.*** – The Council shall promote and develop an environment
16 that fosters innovation in the Philippines by coordinating, initiating, and supporting
17 government and non-government programs, projects, and activities towards this end.

18 The Council shall push for the implementation of this Act, and the creation of
19 comprehensive development plans for sectors pivotal to the growth of the economy
20 through innovation.

21 **SECTION 28. *Composition.*** – The Council shall be composed of the following:

- 22 (a) Department of Trade and Industry (DTI);
- 23 (b) Department of Science and Technology (DOST);
- 24 (c) Department of Information Communication Technology (DICT);
- 25 (d) National Economic Development Authority (NEDA);
- 26 (e) Department of Budget and Management (DBM);
- 27 (f) Department of Education (DepEd);
- 28 (g) Commission on Higher Education (CHED);
- 29 (h) Technical Education and Skills Development Authority (TESDA);

1 (i) Top two (2) departments or agencies without permanent membership in the Council,
2 and with the highest budget for programs related to innovation, research, and
3 development;

4 (j) One (1) representative from a policy or research institution; and

5 (k) Five (5) representatives from the private sector, each representing a sector in the
6 local startup industry

7 The Secretary of Trade and Industry and one (1) representative from the private
8 sector, to be appointed by the President, shall be the Co-Chairpersons of the Council. The
9 remaining four (4) private sector representatives shall likewise be appointed by the
10 President.

11 The top two (2) departments or agencies with the highest innovation research and
12 development funding shall be identified by the DBM upon the promulgation of the General
13 Appropriations Act. DBM shall take into consideration both new appropriations and carried
14 over appropriations for on-going programs.

15 The Council shall meet once every two (2) months or whenever the Chairperson or
16 Co-Chairperson shall convene the same.

17 **SECTION 29. Powers and Functions.** – The Council shall exercise the following
18 powers and functions in order to carry out its mandate:

19 (a) Act as the primary body that will strategize and execute steps to improve the
20 country's ranking in the Global Innovation Index, and when necessary, also in other
21 indices and measures that they may deem appropriate in measuring the growth and
22 development of innovation in the country, or among countries;

23 (b) Advise the President on policy matters affecting the development of innovation in
24 the country, and recommend to Congress any proposed legislation that would
25 forward innovation in the country;

26 (c) Coordinate, monitor, and assess the implementation of this measure, and such other
27 policies related to the fulfilment of its mandate, and when necessary, recommend
28 appropriate adjustments thereon in light of changing conditions in both domestic
29 and international environment;

30 (d) Direct specific departments and agencies to attend to the bottlenecks and problems
31 constraining stakeholders in the local startup community and contributors to our
32 innovation economy;

33 (e) Collate and deliver progress report(s) on the programs and activities to forward the
34 objectives of this measure, and address the bottlenecks identified by the
35 government and stakeholders in the local startup community;

- 1 (f) Coordinate with Local Government Units (LGUs) through respective leagues for the
2 formulation of standards and policies to be observed by LGUs in order to ensure that
3 plans and budgets of LGUs are supportive of the thrusts of this measure, and ensure
4 optimal allocation of expenditure;
- 5 (g) Coordinate with concerned agencies for the generation of resources, both
6 governmental and non-governmental, local, national, and international, as may be
7 appropriate, in and for the development, marketing, growth, and competitiveness of
8 innovation in the Philippines;
- 9 (h) Promote and coordinate initiatives and programs, with government and non-
10 government institutions, for the complimentary use of innovation in improving
11 processes in the production and preservation of traditional crafts while balancing the
12 interest of cultural preservation;
13
- 14 (i) Support and develop initiatives to improve the appreciation and cultivation of
15 innovation and entrepreneurship in academic institutions;
- 16 (j) Perform such other powers and functions as may be necessary or as may be assigned
17 by the President.

18 **SECTION 30. Secretariat.** – The Council shall organize a Secretariat which shall report
19 directly to it, to be headed by an Executive Director, with the support of a private sector
20 staff headed by an Operations Director.

21 **SECTION 31. Coordination.** – The Council shall regularly coordinate with local and
22 international advocates of innovation, stakeholders in the startup community, and
23 representatives of institutions interested to support and collaborate to pursue programs or
24 activities pivotal or complimentary to the fulfilment of the mandate of the Council.

25 They may be invited as resource persons during meetings, or be invited in
26 presentations or discussions spearhead by or done in coordination with the Council.

27 **SECTION 32. Funding.** – The activities and operational expenses of the Council shall
28 be funded by budgetary appropriations from the government and from private sector
29 contributions. To carry out the provisions on the establishment of the Council in this
30 measure, an initial allocation of twenty-five million pesos (PHP 25,000,000) for the
31 necessary operating expenses of the Council shall come from the funds of the Department
32 of Trade and Industry. Subsequent funding for the Council may be incorporated in the
33 budget proposal of the DTI, subject to existing accounting and auditing laws, and
34 procedures.

35 The private sector shall fund its own participation in the work of the Council. They
36 are encouraged to secure their own funding through grants and other contributions from
37 foreign and local private sector counterparts, subject to applicable laws, rules and
38 regulations.

1 Donations for the operation of the Council shall be received, accounted for, and
2 disbursed in accordance with the pertinent laws, accounting and auditing rules and
3 regulations.

4 **Innovative Startup Website**

5 **SECTION 33. *Innovative Startup Website.*** – The Council shall develop and maintain a
6 single portal that shall serve as the primary source of information on statistics, events,
7 programs, and benefits provided in relation to the mandate of the Council, and the
8 implementation of this measure.

9 **SECTION 34. *Functions of Website.*** – The single portal created under this measure
10 must have features such as but not limited to following:

- 11 (a) Online database of bearers of certificates created under this measure, which may
12 include basic information on the enterprise such as business address and contact
13 number;
- 14 (b) Online inquiry, registration, application, and release of results for certificates and for
15 visa requirements;
- 16 (c) Advertising space which shall be a source of funds for the maintenance and
17 development of the website, which may also be provided for free or at a subsidized
18 rate for the promotion of events and key stakeholders of the local startup
19 community;
- 20 (d) Statistical information and annual reports pertinent to the implementation of this
21 measure, and such other informative content beneficial in line with the mandate and
22 goals of the Council.

23 **Educational Programs**

24 **SECTION 35. *Advancement of Education Programs.*** – DepEd, CHED, and TESDA shall
25 be tasked to pursue the creation and updating of programs that shall foster an environment
26 conducive to innovation, and provide incentives to academic institutions to provide funds
27 and/or grants for the research of its students and its faculty.

28 **SECTION 36. *Innovation in Academic Institutions.*** – The Council, in coordination
29 with government and non-government institutions shall endeavour the creation of facilities
30 and programs such as but not limited to incubation, design, and research facilities for both
31 students and educators within academic institutions.

32 **Intellectual Property**

33 **SECTION 37. *Intellectual Property Office.*** – The Intellectual Property Office of the
34 Philippines in coordination with DTI shall undertake capacity building programs for the

1 Business Counsellors of the Negosyo Center to equip them to address inquiries, and process
2 services related to the acquisition of copyrights, trademark, patents, and such other services
3 that may be provided by the IPO.

4 **Technology Readiness Assessment**

5 **SECTION 38. *Technology Readiness Level Assessment.*** – DICT and DOST shall create
6 the standards and measures for the assessment of technology readiness level of innovative
7 startups, and shall provide programs that will expedite the ascent of innovators and
8 innovative enterprises in higher levels of technology readiness, and prevent the stagnation
9 in lower levels.

10 **Market Readiness Assessment**

11 **SECTION 39. *Market Readiness Assessment.*** – DTI in coordination with academic
12 institutions shall develop and create measures for the assessment of the market readiness
13 of innovative business, not limited for the purposes of assessing recipients and applicants of
14 benefits and privileges created under this measure.

15 **CHAPTER 5** 16 **Special Provisions**

17 **SECTION 40. *E-commerce.*** – Registered enterprises engaged in E-commerce shall not
18 be construed as mass media, and shall not be subject to corresponding limitations in Article
19 XVI Section 11 of the 1987 Philippine Constitution.

20 **SECTION 41. *Co-working Permit.*** – All enterprises operating in certified co-working
21 space shall be exempt from these permits; *Provided*, That the operator of their co-working
22 space has already complied with the permits:

- 23 (a) Fire permit;
- 24 (b) Sanitation permit;
- 25 (c) Building permit.

26 **Others**

27 **SECTION 42. *Numeric Adjustments.*** – Numeric parameters used in this measure shall
28 be subject to the adjustment of an agency or agencies involved with the implementation of
29 the provision(s) of this measure to adjust to inflation and other economic parameters in
30 light of changing local and international circumstances.

31 **SECTION 43. *Implementing Rules and Regulations.*** – DTI in coordination with the
32 pertinent government agencies shall promulgate the necessary rules and regulations within
33 sixty (60) days from the effectivity of this Act.

1 **SECTION 44. *Separability Clause.*** - If any section or part of this Act is held
2 unconstitutional, no other section or provision shall be affected.

3 **SECTION 45. *Repealing Clause.*** - All provisions of existing laws, presidential decrees
4 or issuances, executive orders, letters of instruction, administrative orders, rules and
5 regulations contrary to or inconsistent with the provisions of this Act are hereby repealed,
6 amended, or modified accordingly.

7 **SECTION 46. *Effectivity.*** - This Act shall take effect sixty (60) days after its complete
8 publication in the Official Gazette and in at least two (2) newspapers of general circulation

9 *Approved,*