



SENATE

S. No. 1532

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PREPARED JOINTLY BY THE COMMITTEES ON SCIENCE AND  
TECHNOLOGY; TRADE, COMMERCE AND ENTREPRENEURSHIP;  
WAYS AND MEANS; AND FINANCE WITH SENATOR AQUINO IV  
AS AUTHOR THEREOF

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

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

1 ARTICLE I

2 GENERAL PROVISIONS

3 SECTION 1. *Short Title.* – This Act shall be known as  
4 the “Innovative Startup Act”.

5 SEC. 2. *Declaration of Policy.* – It is hereby declared  
6 the policy of the State to foster inclusive growth through  
7 an innovative economy by streamlining government and  
8 nongovernment initiatives, in both local and international

1 spheres, to create new jobs and opportunities, improve  
2 production, and advance innovation and trade in the  
3 country.

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

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

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

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

1 (c) *End user* – the consumer of the product or service  
2 offered by the enterprise whether for free or for a fee;

3 (d) *Host agency* – the Department of Science and  
4 Technology (DOST), Department of Trade and Industry  
5 (DTI), Department of Information and Communications  
6 Technology (DICT) or other national government agency or  
7 public academic institution that provides benefits and  
8 incentives to innovative startups as defined in this Act  
9 subject to an application or selection process;

10 (e) *Innovative startup* – a registered business entity  
11 in the Philippines operating for no longer than sixty (60)  
12 months from the commencement of its business operation  
13 whose core business function involves an innovative  
14 product, process, or business model;

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

1 (g) *Innovative process* – a new or significantly  
2 improved production or delivery method through changes  
3 in techniques, equipment and/or software;

4 (h) *Innovative business model* – a new organizational  
5 method in business practices, workplace organization or  
6 external relations;

7 (i) *Research and development cost* – the expenditure  
8 of the enterprise as a fraction of its total operational cost  
9 that shall include the salary of the employees engaged in  
10 research and development, purchase or lease of equipment,  
11 software, substances or materials, and such other items  
12 and goods and services that may be justified for the  
13 purposes of the development of the innovative good,  
14 service, process, or business model of the enterprise; and

15 (j) *Support service provider* – Any business entity  
16 that provides goods or services that are identified to be  
17 crucial in supporting the operation and growth of  
18 innovative startups, or enterprises whose core business  
19 function, which in the case of corporations, are indicated in

1 their articles of incorporation, involves the targeted or  
2 exclusive provision of goods and services to innovative  
3 startups.

4       SEC. 4. *Innovative Startup Development Program.* –

5 There is hereby created an Innovative Startup Development  
6 Program herein after referred to as the “Program”. Under  
7 the Program, an innovative startup or support service  
8 provider as defined under Section 3 of this Act shall be  
9 provided with benefits and incentives from the DOST,  
10 DICT, and/or the DTI through their respective programs.

11       SEC. 5. *Program Objectives.* – The Program shall aim

12 to achieve the following:

13       (a) Support the research and development of  
14 innovative startups and support services in the Philippines;

15       (b) Support and promote the access of an innovative  
16 startup to locally and internationally offered programs for  
17 innovative startups;

18       (c) Support and promote the participation of  
19 innovative startups in international competitions;

1           (d) Support the participation of innovative startups  
2 in events that aim to link them to potential investors,  
3 mentors, and collaborators;

4           (e) Support the collaboration of an innovative  
5 startup with a national government agency, public or  
6 private academic institution, or industry partner to  
7 develop innovative products, processes, or business model  
8 which may be integrated in programs, projects, or delivery  
9 of public services by the host national agency;

10          (f) Support the development and growth of  
11 enterprises whose products and services are integral to  
12 building a competitive innovative startup ecosystem in the  
13 Philippines; and

14          (g) Develop and amend policy and regulations to  
15 remove undue restrictions in the development, establishment,  
16 and growth of innovative startups by facilitating consultation  
17 with pertinent national government agencies.

## ARTICLE II

## PROGRAM BENEFITS AND INCENTIVES

SEC. 6. *General Benefits and Incentives.* – Innovative startups and support service providers selected by DOST, DTI, and DICT under their own respective application or selection processes shall be entitled to the following benefits:

(a) Registration benefits which may be provided through either:

(1) Waived fees in the application and processing of permits and certificates required for the business registration and operation of the enterprise with the appropriate registering agency; or

(2) Refund from the national government agency equivalent to the sum of fees and taxes levied by local government units and national government agencies for the permits and certificates, and their corresponding prerequisite or supporting documents for its registration and operation: *Provided*, That innovative startups and support service providers shall only be entitled to this



1 benefit once from any national government agency unless  
2 fees and taxes levied applied for refunding has not been  
3 refunded by any government agency; and

4 (3) Expedited processing of permits and certificates,  
5 and their corresponding requisite documents, required for  
6 the registration and operation of the innovative startup or  
7 support service provider;

8 (b) Grants-in-Aid for research, development, and  
9 expansion projects to be provided and approved by the  
10 Secretary of the granting agency: *Provided*, That the host  
11 agency may facilitate the application of the innovative  
12 startup or support service provider to provide initial or  
13 supplemental grants-in-aid from another government  
14 agency subject to its established guidelines;

15 (c) Exemption from fees and charges levied by the  
16 national government agencies for the use of equipment,  
17 facilities, or services availed by the innovative startup such  
18 as, but not limited to, the use of testing and fabrication  
19 facilities;



1 (d) Access to applicable benefits and incentives  
2 provided by the Intellectual Property of the Philippines;  
3 and

4 (e) Subsidy for visa application, renewal, or  
5 extension of foreign owners, employees, and/or investors of  
6 an innovative startup and support service provider, and  
7 exemption from the alien employment permit.

8 SEC. 7. *Benefits for Participation in Local and*  
9 *International Startup Events.* – Innovative startups and  
10 support service providers selected by the host agency for  
11 reasons that include or are limited to participation in local  
12 and international startup events shall be entitled to the  
13 following benefits chargeable to the available funds of the  
14 host agency:

15 (a) Agency endorsement and facilitation support in  
16 the application of passport and/or visa;

17 (b) Subsidy or reimbursement of fees and charges  
18 incurred in the application of the passport or visa;

1 (c) Subsidy or reimbursement of excess baggage  
2 allowance when the need is justified and subject to the  
3 approval of the host government agency;

4 (d) Fully subsidized round trip airfare/s for the  
5 representatives of an innovative startup or support service  
6 provider participating in local or international program or  
7 event: *Provided*, That the host agency may set limitations  
8 on the number of representatives that it will subsidize;  
9 and

10 (e) Tax exempt daily allowance for representatives  
11 of an innovative startup or support service provider  
12 participating in a local or international event: *Provided*,  
13 That the host agency may set limitations on the number of  
14 representatives provided the allowance.

15 SEC. 8. *Tax Exemptions.* – Innovative startups or  
16 support service providers shall be entitled to the following  
17 tax benefits in the commercialization of the innovative  
18 product, process, or business model:

19 (a) Income tax arising from the operation of the  
20 enterprise;

1 (b) Value-Added Tax (VAT) for the sale and lease of  
2 goods, properties or services arising in the course of trade  
3 or business of the enterprise or percentage tax;

4 (c) Creditable withholding tax on income; and

5 (d) Expanded withholding tax on its income payment.

6 SEC. 9. *Innovative Startup Venture Fund.* – There is  
7 hereby created an Innovative Startup Venture Fund,  
8 henceforth referred to as the “Fund”, in the amount of Ten  
9 billion pesos (P10,000,000,000.00) to cover for initial or  
10 supplemental grants-in-aid for innovative startups and  
11 support service providers selected by a host agencies. The  
12 Fund shall be administered by DOST.

13 In the administration of this Fund, the DOST shall:

14 (a) Determine the technical and prioritization  
15 standards, and the procedure for applications to access  
16 grants-in-aid from this Fund;

17 (b) Ensure that mechanisms for the application for  
18 grants-in-aid under this Fund allow for the maximum

1 utility of the Fund, such as, but not limited to, reopening  
2 succeeding rounds of application;

3 (c) Relax prioritization standards when the Fund is  
4 undersubscribed, reconsider approval applications denied  
5 solely on the basis of such prioritization standards, and  
6 reopen applications with public notice of such changes in  
7 standards in the application;

8 (d) Guide applicant innovative startups, support  
9 service providers, and/or host agencies in developing and  
10 improving prospective or denied applications; and

11 (e) Promote the availability of the Fund, and the  
12 capacity of host agencies to endorse, and apply for grants-  
13 in-aid provided under this provision to support innovative  
14 startups and support service providers.

### 15 ARTICLE III

### 16 STARTUP VISAS

17 SEC. 10. *Innovative Startup Visas.* – There is hereby  
18 created an Innovative Startup Visa, henceforth referred to  
19 as the “Visa”. The Visa shall have an initial five (5) year

1 validity and may be renewed or extended with a three (3)  
2 year validity.

3 Bearers of the Visa shall be exempt from securing an  
4 Alien Employment Permit (AEP) issued by the Department  
5 of Labor and Employment (DOLE). The suspension or  
6 revocation of the Visa shall likewise terminate the benefit  
7 of the exemption from securing the AEP.

8 The Bureau of Immigration (BI) shall promulgate the  
9 rules and regulations consistent with the provisions of this  
10 Act in order to enforce this provision, and shall:

11 (a) Consult DOLE and host agencies in the  
12 promulgation of the rules and regulations for this  
13 provision;

14 (b) Immediately publish and disseminate requirements,  
15 rules, and regulations on the application for the Visa;

16 (c) Coordinate the immediate and periodic training  
17 of its personnel, and their counterparts in government  
18 agencies and public academic institutions, tasked to  
19 process the application for the Visa;

1 (d) Develop and maintain a database for all the  
2 bearers of the Visa, and ensure public access to such  
3 information subject to existing rules and regulations on  
4 Freedom of Information and Data Privacy; and

5 (e) Reserve the right to deny and revoke applications  
6 subject to the promulgated rules and regulations to  
7 implement this provision, and applicable rules and  
8 regulations governing immigration.

9 SEC. 11. *Visa Eligibility.* – The following shall be  
10 eligible to apply for the Visa provided under this Act:

11 (a) Prospective or current foreign owner of an  
12 innovative startup or support service provider registered in  
13 the Philippines;

14 (b) Prospective or current foreign employee of an  
15 innovative startup or support service provider registered in  
16 the Philippines; or

17 (c) Prospective or current foreign investors of an  
18 innovative startup or support service provider registered in  
19 the Philippines: *Provided,* That the BI, upon the  
20 endorsement of a host agency, may extend the provision of

1 the Visa to foreign nationals whose presence in the country  
2 contributes in the implementation of the Program, and  
3 such other government or government-supported programs  
4 that aim to support the development of innovative startups  
5 in the Philippines as justified in the endorsement.

6 SEC. 12. *Visa Application.* – In addition to standard  
7 visa requirements, the following shall be required in the  
8 application of the Visa:

9 (a) Endorsement of a host agency;

10 (b) Copy of the terms and conditions on the  
11 endorsement for the Visa application as may be required or  
12 agreed with the endorsing host agency; and

13 (c) Proof of eligibility: *Provided,* That in the case of  
14 prospective or current foreign investors of an innovative  
15 startup or support service provider registered in the  
16 Philippines, the following shall be required:

17 (a) Certification under oath of duly-authorized  
18 officers of any accredited depository bank in the  
19 Philippines as to the amount of foreign exchange inwardly  
20 remitted by the alien applicant, and its conversion to pesos



1 through the said bank: *Provided*, That for inward  
2 remittances sent through non-accredited correspondent  
3 banks, the total amount of remitted money be immediately  
4 transferred to an accredited bank;

5 (b) Certified true copy of peso time deposit with a  
6 maturity period of at least thirty (30) days, amounting to  
7 at least Two million pesos (P2,000,000.00); and

8 (c) Compliance agreement to invest at least Two  
9 million pesos (P2,000,000.00) in innovative startups or  
10 support service providers registered in the Philippines:  
11 *Provided, further*, That the Board of Investments (BOI), in  
12 coordination with the BI, shall reserve the right to create  
13 rules and regulations on the investment requirement for  
14 the maintenance of the Visa. The BOI shall also require  
15 the periodic reporting of the investments to be determined  
16 in the implementing rules and regulations of this Act:  
17 *Provided, finally*, That the BI shall:

18 (a) In case spouse and dependent children are  
19 included in the application, require a marriage contract  
20 duly authenticated by the Philippine Consulate or

1 Embassy in the applicant's country, or the embassy of the  
2 country of the applicant in the Philippines;

3 (b) Levy reasonable fees and charges for the  
4 processing of the Visa application to implement this  
5 provision;

6 (c) When warranted, provide access to existing visas  
7 or approve a Visa with limited validity of less than five (5)  
8 years, upon the request and justification of the endorsing  
9 host agency for applicants engaged in short-term programs  
10 for the development of innovative startups in the  
11 Philippines;

12 (d) Automatically waive fees and charges for the  
13 first cumulative five (5) years of endorsed Visa  
14 application/s of an applicant; and

15 (e) In no case disapprove, suspend, revoke, or delay  
16 the release and approval of any Visa application or renewal  
17 on the basis of delayed claim of payment from, or delayed  
18 remittance of payment by, any host agency.

1           SEC. 13. *Roles and Responsibilities of Endorsing Host*  
2 *Agencies.* – An endorsing host agency shall have the  
3 following roles and responsibilities:

4           (a) Facilitate the Visa application in close coordination  
5 with the BI, and the endorsed applicant;

6           (b) Disseminate its standards, qualifications, terms,  
7 and conditions for its endorsement of Visa applications;

8           (c) Ensure that such standards, qualifications,  
9 requirements, and procedures employed to implement this  
10 provision are efficient, up to date, and subjected to periodic  
11 consultation with its prospective, current, and former  
12 recipients;

13           (d) Justify in its endorsement the nature of the  
14 participation and contribution of the applicant in the  
15 Program, or in other government or government-supported  
16 programs for the development of innovative startups in the  
17 Philippines;

18           (e) Maintain an internal mechanism that shall allow  
19 applicants to appeal or contest the disapproval of requests  
20 for endorsement, the revocation of the endorsements, based

1 on the standards and requirements that it may impose on  
2 applicants;

3 (f) In no case deprive endorsement to an applicant  
4 on the basis of unavailability of funds to partially or fully  
5 subsidize the application or renewal of a Visa, and allow  
6 the applicant to receive endorsement and shoulder Visa  
7 fees and charges;

8 (g) When warranted, facilitate the appeal of Visa  
9 applications denied, or Visas revoked, by the BI, or  
10 facilitate the reapplication reflecting necessary corrections  
11 or improvements in endorsed applications and Visa  
12 bearers;

13 (h) Ensure the availability of funds, and its  
14 immediate remittance to the BI, to cover the fees and  
15 charges that may be required to process the Visa  
16 application or renewal;

17 (i) Track and update the eligibility and status of  
18 endorsed bearers of the Visa, and immediately report to  
19 the BI, such grounds for the denial of Visa application or  
20 Visa revocation of applicants it has endorsed; and

1 (j) Update the database of endorsed bearers of the  
2 Visa along with other endorsing government agency and  
3 public academic institutions.

#### 4 ARTICLE IV

#### 5 PROGRAM ADMINISTRATION

6 SEC. 14. *General Roles and Responsibilities of the*  
7 *Host Agencies.* – The DOST, DTI, DICT and other host  
8 agencies shall have the following roles and responsibilities  
9 in the implementation of this Act:

10 (a) Develop the necessary department policies and  
11 guidelines for the implementation of the Program, and  
12 coordinate with the relevant government agencies for the  
13 provision of benefits and incentives for innovative startups  
14 and support service providers under this Act;

15 (b) Reassess and adjust their respective current  
16 programs based on its applicability to the needs of  
17 prospective innovative startups and support service  
18 providers that may apply for the benefits and incentives  
19 under this Act;

1           (c) Coordinate their respective programs with other  
2 host agencies to avoid unnecessary overlaps in coverage,  
3 and to promote seamless implementation of complimentary  
4 initiatives;

5           (d) Promote itself as a prospective host agency to  
6 interested enterprises who may qualify as an innovative  
7 startup or support service provider;

8           (e) Develop and promulgate the efficient rules for its  
9 selection and application process for innovative startups  
10 and support service providers it wishes to host;

11           (f) Ensure the immediate and efficient provision of  
12 the benefits provided under this Act, and such additional  
13 benefits and incentives that may be provided as a host  
14 agency; and

15           (g) Actively participate in startup events and  
16 programs by government or private institutions.

17           Host agencies shall be prohibited from disqualifying  
18 innovative startups or support service providers access to  
19 general and additional benefits and incentives under this  
20 Act on the basis of nationality.

1           SEC. 15. *Role and Responsibilities of Innovative*  
2 *Startups and Support Service Providers.* – Innovative  
3 startups and support service providers shall have the  
4 following roles and responsibilities upon its application for  
5 the benefits and incentives provided in this Act, and for  
6 additional benefits and incentives that may be provided by  
7 the host agency:

8           (a) Truthfully disclose information requested by the  
9 host agency and/or other national government agencies  
10 starting from the application for collaboration or the  
11 provision of benefits and incentives under this Act;

12           (b) Ensure compliance with the agreed terms for the  
13 provision of the benefits provided under this Act, and such  
14 other additional benefits that may be provided by the host  
15 agency and/or other national government agencies; and

16           (c) Prepare and update the necessary documentary  
17 requirements to ascertain the eligibility of the enterprise  
18 as an innovative startup or support service provider.

19           SEC. 16. *Startup Philippine (PH) Website.* – The  
20 DICT, in consultation with DTI and DOST, shall



1 develop and maintain a website that shall serve as the  
2 primary source of information on statistics, events,  
3 programs, and benefits for startups and related enterprises  
4 in the Philippines, not limited to those defined under this  
5 Act.

6 This website shall at least have the following  
7 features:

8 (a) Online database of innovative startups and  
9 support service providers, indicating basic information  
10 such as business address, founders, contact information,  
11 and funding received: *Provided*, That this database may  
12 also be expanded to include businesses and project groups  
13 assessed by either DICT, DTI, or DOST to be a startup;

14 (b) Online inquiry, registration, application, and  
15 release of results for endorsements, and applications for  
16 benefits and incentives provided under this Act: *Provided*,  
17 That this feature may also be extended to facilitate  
18 application for funding, or participation in programs or  
19 events for startups, whether organized or supported by the  
20 government or the private sector; and

1           (c) Statistical information and annual reports  
2 pertinent to the implementation of this measure, and such  
3 other information content beneficial to, and in line with,  
4 the goals and objectives of this Act: *Provided*, That  
5 information featured here shall also include studies and  
6 reports pertinent to the startups in the Philippines.

7           SEC. 17. *Implementing Rules and Regulations.* – The  
8 DOST, DICT, and DTI in coordination with the pertinent  
9 government agencies shall promulgate the necessary rules  
10 and regulations within sixty (60) days from the effectivity  
11 of this Act.

12           SEC. 18. *Separability Clause.* – If any section or part  
13 of this Act is held unconstitutional, no other section or  
14 provision shall be affected.

15           SEC. 19. *Repealing Clause.* – All provisions of existing  
16 laws, presidential decrees or issuances, executive orders,  
17 letters of instruction, administrative orders, rules and  
18 regulations contrary to or inconsistent with the provisions  
19 of this Act are hereby repealed, amended, or modified  
20 accordingly.

1           SEC. 20. *Effectivity.* – This Act shall take effect fifteen  
2 (60) days after its complete publication in the *Official*  
3 *Gazette* and in at least two (2) newspapers of general  
4 circulation.

Approved,