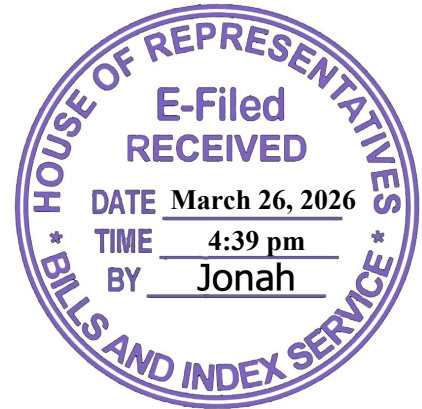


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

House Bill No. **8807**



Introduced by Representative ERIC G. YAP

EXPLANATORY NOTE

This bill seeks to strengthen and institutionalize the implementation of Republic Act (RA) No. 11337, otherwise known as the "*Innovative Startup Act*," by refining key definitions, streamlining processes, enhancing incentives, and establishing a centralized mechanism to accelerate the growth of the Philippine startup ecosystem.

While the country has seen steady growth in startup activity over the past decade, its global competitiveness remains constrained by legal ambiguities, fragmented implementation, and regulatory bottlenecks. The current definition of "startup" is overly broad and does not sufficiently distinguish innovation-driven, high-growth enterprises from traditional micro, small, and medium enterprises. As a result, government resources intended for high-impact ventures are diluted, and policy focus becomes diffused.

The bill refines the definition of a startup to focus on entities that develop innovative solutions addressing systemic or complex societal, technological, or market problems, with clear potential for scalability. It also expands recognition to include informal groups and pre-registration teams, acknowledging the realities of early-stage innovation and allowing more founders to access government support.

The measure establishes a centralized Secretariat under the Department of Trade and Industry to harmonize inter-agency coordination, standardize procedures, and serve as a single entry point for startup-related applications. The bill further mandates simplified documentary requirements for the Startup Grant Fund and aligns procedures with RA No. 11032, otherwise known as the "*Ease of Doing Business and Efficient Government Service Delivery Act*". It introduces enhanced tax incentives, including additional deductions and tax exemptions for grants and prizes, to mobilize greater private sector participation and unlock much-needed domestic capital.

By clarifying policy direction, reducing red tape, institutionalizing coordination, and expanding incentives, this bill aims to create a more focused, agile,

and globally competitive startup ecosystem that can drive innovation, generate quality jobs, and contribute meaningfully to national development.

In view of the foregoing, the immediate approval of this measure is earnestly sought.



HON. ERIC G. YAP

Republic of the Philippines
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House Bill No. **8807**

Introduced by Representative ERIC G. YAP

AN ACT
STRENGTHENING STARTUP DEVELOPMENT AND ENHANCING FISCAL INCENTIVES FOR PRIVATE SECTOR PARTICIPATION, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 11337, OTHERWISE KNOWN AS THE "INNOVATIVE STARTUP ACT"

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

Section 1. Section 3 of Republic Act No. 11337, otherwise known as the "*Innovative Startup Act*", is hereby amended to read as follows:

"Section 3. *Definition of Terms.* – As used in this Act, the following terms shall mean:

"x x x

"(g) Startup - any person, **GROUP OF PERSONS**, or registered entity in the Philippines which aims to develop an innovative product, process, or business model **THAT ADDRESSES SYSTEMIC, DISRUPTIVE, OR COMPLEX SOCIETAL, TECHNOLOGICAL, OR MARKET PROBLEMS AND DEMONSTRATES HIGH SCALABILITY POTENTIAL**; and

"x x x"

SEC. 2. Section 7 of the same Act is hereby amended to read as follows:

"Section 7. *General Registration and Operational Benefits and Incentives.* – Host agencies shall be authorized to provide the following benefits and incentives to startups and/or startup enablers who have passed their selection and application process:

"x x x

“Provided, That the full or partial subsidies provided by the host agency may be incorporated in the approved GIA of the startup or startup enabler, or may be issued through vouchers issued by the host agency.

[The DTI shall be the agency tasked to initiate and coordinate with national and local government agencies involved with the registration, licensing, certification, including those who levy fees and charges for services subsidized by host agencies, and such other regulatory process to be undertaken by startups and startup enablers endorsed by host agencies.]”

SEC. 3. A new section to be denominated as Section 7-A is hereby inserted after Section 7 of the same Act, to read as follows:

“SECTION 7-A. ESTABLISHMENT OF A CENTRALIZED SECRETARIAT. – A SECRETARIAT COMPOSED OF REPRESENTATIVES FROM THE HOST AGENCIES SHALL BE ESTABLISHED. THE SECRETARIAT SHALL BE HEADED BY AN EXECUTIVE DIRECTOR III (SALARY GRADE 28) WHO SHALL BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES. THE SECRETARIAT SHALL BE UNDER THE CONTROL AND SUPERVISION OF THE DTI. THE EXECUTIVE DIRECTOR III SHALL HAVE AT LEAST FIVE (5) YEARS OF EXPERIENCE AND PRACTICE IN THE FIELDS OF SCIENCE AND TECHNOLOGY, RESEARCH AND DEVELOPMENT, STARTUPS, INNOVATION, OR BUSINESS MANAGEMENT TO QUALIFY FOR APPOINTMENT. THE EXECUTIVE DIRECTOR III SHALL BE NOMINATED BY THE HOST AGENCIES.

“THE INITIAL STAFFING STRUCTURE AND COMPLEMENT OF THE SECRETARIAT SHALL BE SUBMITTED BY THE NEDA TO THE DEPARTMENT OF BUDGET AND MANAGEMENT (DBM) FOR FUNDING. PENDING THE CREATION OF THE APPROPRIATE PLANTILLA POSITIONS, THE NEDA SHALL CONSTITUTE AN INTERIM SECRETARIAT WITHIN ONE (1) MONTH FROM THE EFFECTIVITY OF THIS ACT, THROUGH THE TEMPORARY DETAIL OF PERSONNEL FROM ITS MEMBER AGENCIES.

“THE SECRETARIAT SHALL HAVE THE FOLLOWING FUNCTIONS:

A. PROVIDE SECRETARIAT SUPPORT TO THE HOST AGENCIES. INCLUDING THE PREPARATION OF DRAFT STRATEGIES, PRIORITIES, AND OTHER OUTPUTS TO BE ADOPTED BY THE HOST AGENCIES IN THE

**IMPLEMENTATION OF THE PROGRAMS AND BENEFITS
UNDER THIS ACT;**

**B. CONSULT WITH EXPERTS WHO CAN OFFER
INSIGHTS ON STARTUP DEVELOPMENT,
POLICYMAKING, AND PRIORITY SETTING;**

**C. COORDINATE WITH VARIOUS AGENCIES OF THE
GOVERNMENT, THE PRIVATE SECTOR, ACADEME,
SCIENTIFIC COMMUNITY, AND OTHER SECTOR
STAKEHOLDERS TOWARDS ACHIEVING POLICY AND
PROGRAM COHERENCE, AS WELL AS HUMAN CAPITAL
DEVELOPMENT;**

**D. SERVE AS THE CENTRAL OFFICE TO ESTABLISH
STANDARDIZED, SIMPLIFIED, AND UNIFIED
PROCEDURE FOR ALL STARTUP-RELATED
APPLICATIONS FOR GRANTS, FUNDING, OR
INCENTIVES UNDER THIS ACT AND SHALL BE THE
CENTRAL RECEIVING AUTHORITY FOR APPLICATIONS
FOR GRANTS-IN-AID, REQUESTS FOR SUBSIDIES, THE
STARTUP GRANT FUNDS, THE STARTUP VENTURE
FUND, AND FOR OTHER INCENTIVES UNDER THIS ACT;**

**E. INITIATE AND COORDINATE WITH NATIONAL
AND LOCAL GOVERNMENT AGENCIES INVOLVED
WITH THE REGISTRATION, LICENSING,
CERTIFICATION, INCLUDING THOSE WHO LEVY FEES
AND CHARGES FOR SERVICES SUBSIDIZED BY HOST
AGENCIES, AND SUCH OTHER REGULATORY PROCESS
TO BE UNDERTAKEN BY STARTUPS AND STARTUP
ENABLERS ENDORSED BY HOST AGENCIES;**

**F. CONSTANTLY REVIEW AND IMPLEMENT THE
PHILIPPINE STARTUP DEVELOPMENT PLAN;**

**G. GATHER STRATEGIC INTELLIGENCE AND
INFORMATION TO SUPPORT THE HOST AGENCIES IN
THEIR POLICYMAKING, AS WELL AS IN GOAL AND
STRATEGY SETTING;**

**H. ASSESS THE EFFECTIVENESS OF EXISTING
STARTUP GRANT PROGRAMS AND SCHOLARSHIPS,
AND SUBMIT RECOMMENDATIONS TO THE HOST
AGENCIES ON THESE PROGRAMS, ACCORDING TO
THE PHILIPPINE STARTUP DEVELOPMENT PLAN;**

I. DEVELOP AND ADMINISTER METRICS FOR MONITORING AND EVALUATION OF THE COUNTRY'S STARTUP DEVELOPMENT PROGRAMS;

J. DEVELOP RECOMMENDATIONS FOR CONSIDERATION BY THE HOST AGENCIES; AND

K. PERFORM OTHER FUNCTIONS AS MAY BE DIRECTED BY THE HOST AGENCIES."

SEC. 4. Section 11 of the same Act is hereby amended to read as follows:

"Section 11. *Startup Grant Fund.* - There is hereby created a Startup Grant Fund (SGF) under each of the following-agencies:

"x x x

"Each agency shall use its respective SGF to provide initial and supplemental GIA for startups and startup enablers that have passed its selection and application process. **THE SECRETARIAT SHALL ENSURE A SIMPLIFIED SET OF DOCUMENTARY REQUIREMENTS AND STREAMLINED PROCEDURE IN QUALIFYING STARTUPS, COMPLIANT WITH THE PROVISIONS OF THE EASE OF DOING BUSINESS AND EFFICIENT GOVERNMENT SERVICE DELIVERY ACT OF 2018.**

"x x x"

SEC. 5. A new section to be denominated as Section 12-A is hereby inserted after Section 12 of the same Act, to read as follows:

"SECTION 12-A. TAX INCENTIVES. — ANY PERSON OR REGISTERED ENTITY PROVIDING FINANCIAL, TECHNICAL, OR OPERATIONAL SUPPORT, INCLUDING EQUITY INVESTMENTS, TO STARTUPS AND STARTUP ENABLERS, AS WELL AS ACTIVITIES THAT DIRECTLY SUPPORT THE PROGRAMS UNDER THE PHILIPPINE STARTUP DEVELOPMENT PLAN SUCH AS CORPORATE INNOVATION PROGRAMS AND STARTUP EVENTS, SHALL BE ALLOWED AS ONE HUNDRED PERCENT (100%) ADDITIONAL DEDUCTION ON RESEARCH AND DEVELOPMENT EXPENSES INCURRED IN THE TAXABLE YEAR BASED ON THE ACTUAL CASH GIVEN OR THE NET COST OF THE GOODS GIVEN OR SERVICES RENDERED TO ENCOURAGE GREATER PRIVATE SECTOR PARTICIPATION IN THE STARTUP ECOSYSTEM.

"GRANTS, PRIZES, AWARDS, AND OTHER FORMS OF MONETARY SUPPORT FROM EVENTS GIVEN BY PRIVATE AND

PUBLICLY SECTOR PLAYERS TO STARTUPS SHALL BE EXEMPT FROM ALL TAXES, DIRECT OR INDIRECT.

“THE BUREAU OF INTERNAL REVENUE, IN CONSULTATION WITH THE CONCERNED SENATE AND HOUSE COMMITTEES AND OTHER AGENCIES, ORGANIZATIONS, AND ESTABLISHMENTS, SHALL FORMULATE IMPLEMENTING RULES AND REGULATIONS PERTINENT TO THE PROVISION OF THIS ACT WITHIN SIX MONTHS AFTER THE EFFECTIVITY OF THIS ACT.”

SEC. 6. Section 16 of the same Act is hereby amended to read as follows:

“Section 16. *Education Programs.* – The Department of Education, the Commission on Higher Education, and the Technical Education and Skills Development Authority are hereby directed to develop and integrate in their respective curricula entrepreneurial programs that shall foster an environment conducive to innovation, and extend incentives to academic institutions **AND STARTUP ENABLERS that provide funds and/or grants for the research of their students and faculty, **AS WELL AS RUNNING PROGRAMS IN SUPPORT OF HUMAN CAPITAL DEVELOPMENT.**”**

SEC. 7. *Separability Clause.* – If any portion or provision of this Act is declared invalid or unconstitutional, other provisions hereof shall remain in full force and effect.

SEC. 8. *Repealing Clause.* – All laws, presidential decrees, executive orders, rules and regulations which are inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

SEC. 9. *Effectivity.* – This Act shall take effect fifteen days (15) after its publication in the Official Gazette or in a national newspaper of general circulation.

Approved,