

## Philippines: NTC exempts data centers from Supervision and Regulation Fees until 2028

### In brief

The National Telecommunications Commission (“**NTC**”) has issued Memorandum Order No. 001-02-2026 (“**Memorandum Order**”), which prescribes the *Interim Guidelines on Non-Imposition of Supervision and Regulation Fees (SRF) on Data Centers for Calendar Years 2025-2028*.

The Memorandum Order exempts data centers from the requirement to pay annual Supervision and Regulation Fees (“**SRF**”) to the NTC until 2028. This is a deviation from the NTC’s existing policies which require all public service entities, such as, among others, Value-Added Services (“**VAS**”) providers and Data Transmission Industry Participants (“**DTIP**”), to pay SRF to the NTC on an annual basis.

### Key takeaways

The Memorandum Order exempts data centers from the requirement to pay annual SRF to the NTC from 2025 until 2028.

Prior to the issuance of the Memorandum Order, all public service entities, such as, among others, VAS providers and DTIPs, are required to pay SRF to the NTC on an annual basis. The SRF is computed based on the company’s subscribed capital, paid capital or capital invested.

However, with the issuance of the Memorandum Order, the NTC has relaxed this requirement on a temporary basis until 2028 as regards data centers in particular. This is part of the NTC’s effort to encourage investments in the data center industry.

### In more detail

Prior to the issuance of the Memorandum Order, the NTC, via NTC Memorandum Circular No. 001-06-2024, required all VAS providers and DTIPs, among others, to pay SRF to the NTC annually on or before the 30<sup>th</sup> of September of each year. SRF is computed based on the company’s subscribed or paid capital (Php 0.50 for every Php 100.00 of the subscribed or paid capital or capital invested).

Under the Memorandum Order, however, the NTC has suspended until 2028 the requirement to pay SRF for data centers in particular. A “data center” is defined in the Memorandum Order as a facility used to house computer systems together with telecommunications, data transmission, and storage infrastructure. In terms of coverage, the Memorandum Order applies to all data centers, including but not limited to neutral carrier-grade, hyperscale, enterprise and edge facilities, whose purpose is to provide data center as a service only.

To be covered by the Memorandum Order, entities with Certificates of Registration to operate a data center along with other services (i.e., internet access services), shall provide separate books of accounts for the different services they are authorized to provide. Other services provided by these entities shall be subject to SRF.

The Memorandum Order provides that for the period covering 2025, 2026, 2027 and 2028, no SRF shall be imposed on Data Centers covered by the Memorandum Order. In the event that, upon the effectivity of the Memorandum Order, a data center has already fulfilled its SRF obligations pursuant to NTC Memorandum Circular No. 001-06-2024, the amount so paid will be credited against its future SRF obligations.

In issuing the Memorandum Order, the NTC considered the Board of Investments’ recommendation to lift the SRF requirement for data centers, as data center owners and operators typically deploy large upfront capital expenditures via equity funding. The NTC determined it reasonable and necessary to suspend the imposition of SRF on data centers – in order to allow data centers to deploy capital expenditures and infrastructure investments until such time that such data centers can generate revenue. This is welcome development as the Philippines eyes to be a regional hub for data center facilities.



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The law is stated as of 21 April 2026.