



DOING BUSINESS IN THE PHILIPPINES

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DOING BUSINESS IN THE PHILIPPINES

2025

IN COLLABORATION WITH



EUROPEAN CHAMBER OF COMMERCE OF THE PHILIPPINES
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MESSAGE FROM ECCP PRESIDENT

The European Chamber of Commerce of the Philippines (ECCP) is proud to present the 2025 edition of the Doing Business in the Philippines Guidebook. This cornerstone publication remains an invaluable resource for businesses navigating the Philippine market, providing critical insights into the country's investment environment, regulatory framework, and economic landscape. Through this annual guidebook, we aim to equip investors with the tools and knowledge necessary to make sound decisions and capitalize on the vast opportunities the Philippines has to offer.

The Philippines continues to make headway in becoming a prime destination of choice for investments, fueled by forward-looking policy reforms as well as proactive trade and investment promotion campaigns. The resumption of the European Union (EU)-Philippines Free Trade Agreement negotiations in 2024 is a particularly encouraging development, signaling renewed optimism for enhanced market access and stronger trade and investment ties between the Philippines and Europe. This long-anticipated milestone complements the continued benefits of the EU's Generalised Scheme of Preferences Plus (GSP+) program, which strengthens the country's export capabilities and bolsters its global competitiveness.

The country's appeal to investors is further underscored by the Department of Trade and Industry (DTI)'s Board of Investments (BOI), which reported PHP 1.15 trillion in approved investments as of July 2024—representing a 65% increase compared to the same period the year prior. Additionally, central to this progress is the landmark enactment of the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act. This legislation marks a pivotal step toward creating fair and balanced fiscal incentive policies, providing greater business certainty.

In tandem with these economic reforms, the Philippines is embracing technological innovation to drive industrial transformation. The DTI launched the Industry 4.0 Pilot Factory, an initiative aimed at equipping the country with cutting-edge technologies to enhance productivity and competitiveness. The rollout of the National Artificial Intelligence Strategy Roadmap 2.0 (NAISR 2.0) and the inauguration of the Center for AI Research (CAIR) in July 2024 further underscore the Philippines' commitment to harnessing advanced technologies to future-proof industries and sustain economic growth.

The Chamber also takes pride in being recognized as an Anti-Red Tape Authority (ARTA) Champion, actively contributing to initiatives that promote ease of doing business and reduce bureaucratic barriers. As part of our advocacy, we remain steadfast in collaborating with stakeholders—government, industry leaders, and the broader community—to ensure the effective implementation of measures aimed at unlocking the Philippines' full potential.

With strong macroeconomic fundamentals and a commitment to progressive reforms, the Philippines stands at an exciting crossroads. The ECCP is privileged to support the business community in this journey, enabling them to thrive and significantly contribute to the country's economic development.

Together, let us continue to harness this momentum and make it happen in the Philippines.

Mr. Paulo Duarte
ECCP President
Bosch Philippines Managing Director



MESSAGE FROM DIVINALAW

Third time's a charm.

I am deeply grateful to our partners at the European Chamber of Commerce of the Philippines (ECCP) for collaborating with DivinaLaw for the third consecutive time on their Doing Business in the Philippines guidebook. This continued partnership reflects our shared commitment to promoting legal awareness and driving economic growth through practical, timely, and actionable resources for businesses.

At DivinaLaw, we go beyond merely informing about laws—we aim to educate, strategize, and shape the legal and economic landscape of the Philippines. Over the years, we have expanded our expertise to tackle modern legal challenges, serving clients across a wide array of industries, including major players in the field of energy, banking, telecommunications, healthcare, and technology. Our dynamic approach—characterized by prompt, proactive, and results-oriented service—has solidified our reputation as one of the country's leading law firms.

The *Doing Business in the Philippines* guidebook embodies this vision. This year's edition introduces significant updates and new features to provide even greater value to its readers:

- A reader-friendly guide to business registration and permits, complete with details on relevant regulating agencies.
- A dedicated chapter on fiscal and non-fiscal incentives for foreign investors.
- An expanded section on naturalization within the Immigration chapter.

These additions, alongside updates on investments, taxation, labor and employment, immigration, and competition law, ensure the guidebook remains an indispensable resource for businesses navigating the Philippine market.

This year's focus industries reflect the evolving priorities of the Philippine economy: **Renewable Energy**, with policy reforms driving foreign investments and adoption of cleaner technologies; **Financial Technology**, a booming sector leveraging digitalization; and the newly introduced topics of **Real Estate**, spurred by urbanization and increasing demand for diverse property developments, and **Mining**, with opportunities arising from the lifting of a nine-year moratorium and a renewed emphasis on sustainable practices.

This year, we are especially proud to welcome the Philippine Board of Investments (BOI) as a new partner in this endeavor. As an attached agency of the Department of Trade and Industry (DTI), the BOI plays a pivotal role in fostering investments and promoting industries in the Philippines.

BOI's invaluable contributions—marked by their expertise in providing incentives, advocating for investment-friendly policies, and facilitating partnerships—have greatly enriched this year's guidebook. Their efforts align seamlessly with DivinaLaw's mission to support legal and economic development, making this publication even more impactful for both local and foreign investors.

Together with ECCP and BOI, we aim to provide practical knowledge and insights to empower businesses to thrive in the Philippines. By reducing regulatory barriers, fostering partnerships, and promoting sustainability, we hope to attract more foreign investments, create meaningful opportunities for Filipinos, and drive long-term economic growth.

With a hopeful heart, may we all work together toward a brighter and prosperous future for God and country. Thank you.

Atty. Nilo T. Divina
DivinaLaw Managing Partner



MESSAGE FROM THE BOARD OF INVESTMENTS

Congratulations to the European Chamber of Commerce in the Philippines (ECCP) and Divina Law on the release of the 2025 edition of its annual guidebook, "Doing Business in the Philippines Guidebook"! This comprehensive resource serves as an invaluable tool for potential investors, offering detailed insights into the Philippine business environment

and the latest advancements across key sectors such as manufacturing, green metals and mineral processing, renewable energy. These sectors complement the existing Investors' Guidebook and the sector-specific value propositions crafted by the Board of Investments (BOI), which further encourage and support investment opportunities in the country. By equipping businesses with essential knowledge, this guidebook empowers investors to make strategic, informed decisions.

We deeply value our longstanding partnership with ECCP in promoting and facilitating investments in the Philippines. ECCP has been playing an instrumental role in terms of strengthening PH-Europe relations, including through their successful advocacy for the resumption of the PH-EU FTA negotiations. Your dedication to raising the country's profile through impactful promotional events both in Europe and on Philippine soil has significantly enhanced our visibility and strengthened interest from foreign investors.

These collaborations have not only deepened our ties with Europe but have also unlocked new opportunities in high-growth sectors, including electric vehicles, smart and high-tech light manufacturing, semiconductors and electronics, green metals, advanced agriculture, renewable energy (including energy storage systems), equipment manufacturing, data centers, telecommunications, and cybersecurity. This aligns seamlessly with our strategy to position the Philippines as a regional hub for smart, sustainable, and innovation-driven industries.

Building on the momentum created by the 2021 passage of the CREATE Act, the government has recently enacted the CREATE MORE (Maximize Opportunities for Reinvigorating the Economy) Act. This legislation is designed to optimize the Philippines' tax regime, streamline business processes, reduce costs, and enhance the country's global competitiveness. Complementing this, the signing of Executive Order (EO) No. 18, establishing Green Lanes for Strategic Investments, further accelerates the approval processes for licenses and permits, demonstrating the government's commitment to fostering a business-friendly environment.

Our collective efforts are bearing fruit: European countries have emerged as part of the leading source of Philippines' foreign direct investments (FDIs) and investments approval. From January - August 2024, United Kingdom is our top source of inward FDIs, while from January to November 2024, European countries accounted for 87.75% of the total BOI-approved foreign investments, with Switzerland, and the Netherlands as among the top contributors of potential pipeline of our FDIs. This signifies a robust pipeline of European investments, further cementing our economic partnership.

To the ECCP, we extend our sincere gratitude for your unwavering dedication to strengthening the economic ties between the Philippines and Europe. Your initiatives including organizing business fora here in Manila and other cities in Europe, and partnership with BOI and Divina Law for this guidebook, are instrumental in showcasing the Philippines as a premier investment destination.

Together, we will MAKE IT HAPPEN IN THE PHILIPPINES!

Hon. Ceferino S. Rodolfo

Undersecretary, Industry Development and Investment Promotion Group
Department Of Trade and Industry
Vice-Chairman and BOI Managing Head



MESSAGE FROM DELEGATION OF THE EUROPEAN UNION TO THE PHILIPPINES

I extend my warmest congratulations to the European Chamber of Commerce of the Philippines (ECCP) for the publication of the ECCP Doing Business in the Philippines Guidebook 2025 edition. As the new Ambassador of the European Union to the Philippines, I am very pleased to provide a message of support for this year's edition.

This guidebook comes at an opportune time with the recent enactment of Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) into law. I hope that this new incentive package, complemented by the positive economic outlook for the Philippines, will further position the country as an attractive investment destination in the region.

This year the EU and the Philippines restarted their negotiations for a bilateral Free Trade Agreement (FTA). This is an important development. Through the FTA, we aim to boost bilateral trade in goods and services. We want clear rules across all trade and investment-related areas, with sustainability at the core and thereby create an enabling business and investment environment for innovative and sustainable growth. It is our common objective to ensure an ambitious and mutually beneficial trade agreement.

Advancing this FTA will pave the way for deeper trade ties with one of the fastest growing economies in South-East Asia and further strengthening the EU's strategic engagement with the Indo-Pacific region.

The EU supports the Philippines in various cooperation initiatives of relevance for business. Last year, we kick-started the Green Economy Programme for the Philippines under the EU's Global Gateway initiative to accelerate the country's green transition. We also partner with the Philippines on the Copernicus Programme and already established the Copernicus Data Center in the Philippines - the first data storing and processing facility in Asia.

I hope this guidebook reaches more investors, traders, and other stakeholders as we navigate through the dynamics of doing business in the Philippines. Let us continue to collaborate across sectors to foster stronger bilateral economic relations in the years ahead.

Thank you and *mabuhay!*

H.E. Massimo Santoro

Ambassador
European Union Delegation to the Philippines



MESSAGE FROM THE ROYAL NORWEGIAN EMBASSY IN MANILA

I would like to extend my heartfelt congratulations to the European Chamber of Commerce (ECCP) for the 2025 edition of the Doing Business in the Philippines Guidebook. This comprehensive manual serves as an important manual for businesses looking for market opportunities in the Philippines.

Since the establishment of the Free Trade Agreement (FTA) between the Philippines and the European Free Trade Association (EFTA), we have seen a remarkable increase in trade relations. Norway, alongside with Switzerland, Lichtenstein, and Iceland exported more than 394 million Euros in commodities to the Philippines reflecting our growing partnership. We see an increased utilization of the FTA within different product categories. Moving forward I encourage businesses in both the Philippines and the EFTA-states to reap the benefits of the Agreement to its fullest extent. This collaboration coincides with the EU's Generalized scheme of Preferences Plus (EU GSP+) and opens additional avenues for European businesses to invest in the Philippines and vice-versa.

In the last couple of years, there has been a notable surge in interest from Norwegian companies looking to establish their operations in the Philippines. The nation has embraced a more business-friendly environment, evidenced by the liberalization of the energy sector and the passing of the Enhanced Producer's Responsibility (EPR) Law. These developments have attracted increased interests in renewable energy and sustainable technology, signaling a bright future for collaboration. It is essential that we maintain and build upon the momentum of trade relations between European countries and the Philippines. I am optimistic that this guidebook will inspire even more businesses to explore opportunities and foster robust partnerships that bridge both regions.

I believe this guidebook would make Philippines markets more attractive and further encourage stronger business partnerships from both sides of the world.

H.E. Christian Halaas Lyster
Ambassador
Royal Norwegian Embassy Manila



MESSAGE FROM THE DEPARTMENT OF TRADE AND INDUSTRY

On behalf of the Department of Trade and Industry (DTI), it is with great pleasure that I extend my warmest greetings to the European Chamber of Commerce of the Philippines (ECCP) and its members on the release of the 2025 edition of the "Doing Business in the Philippines Guidebook." This annual publication serves as an important resource for investors, bridging European and Philippine business communities through valuable information, including practical insights.

As we work towards a more robust economic growth, the DTI remains steadfast in its commitment to fostering an environment where businesses can thrive and prosper. We have seen remarkable progress in recent years, particularly with the renewed negotiations for the Philippines – European Union Free Trade Agreement (PH-EU FTA), and encouraging trade flows generated by the FTA between the Philippines and European Free Trade Association (EFTA).

The resumption of the talks with the EU particularly proves our shared dedication to enhancing trade and investment relations between Europe and the Philippines. It is our goal to build a foundation that empowers enterprises, strengthens partnerships, and drives inclusive growth for all.

The recent passage of the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act further exemplifies our efforts to make the Philippines a preferred investment destination. By reducing corporate income taxes and providing targeted incentives, we have opened new avenues for foreign direct investment, ensuring a business climate that is both competitive and conducive to innovation. These reforms are part of a broader strategy to enhance the ease of doing business in the country, aligned with our vision of sustainable and inclusive development.

I also want to express my deep appreciation to the ECCP for its unwavering support and collaborative spirit. Your initiatives, such as this guidebook, play a vital role in equipping potential investors with the information they need to navigate the Philippine market more effectively. Your commitment to sharing knowledge and promoting the Philippines as an investment hub resonates deeply with our mission at the DTI.

As we continue this journey together, I am confident that the partnership between the ECCP and the DTI will bring forth new opportunities and shared successes. Let us work together to realize our vision of a vibrant and resilient Philippine economy—one that stands strong on the pillars of innovation, sustainability, and shared prosperity.

Congratulations once again on this significant milestone and thank you for your invaluable contributions in building a better and sustainable Bagong Pilipinas.

Hon. Ma. Cristina A. Roque
Secretary
Department of Trade and Industry



MESSAGE FROM THE PHILIPPINE ECONOMIC ZONE AUTHORITY

Warmest greetings from the Philippine Economic Zone Authority! We express our heartfelt congratulations to the European Chamber of Commerce of the Philippines (ECCP) on the launch of the 2025 Edition of the "Doing Business in the Philippines Guidebook."

ECCP remains to be a vital ecozone industry partner of PEZA in promoting the Philippines as a premier investment destination in the region. The strong and robust relationship between the Philippines and Europe-ASEAN's third-largest trading partner-has been further strengthened by ECCP's unwavering commitment to linking European businesses with the wide array of investment opportunities in our country. We are also equally grateful for the strong support and trust ECCP has shown PEZA for the last 30 years and counting.

As the largest foreign chamber in the Philippines and a long-standing partner of PEZA in the ecozone industry, I am confident that our partnership will only continue to thrive in the years ahead as we work together to expand the presence of European companies in the Philippines.

Your contribution to the Philippine economy is highly commendable having more than 200 PEZA-registered European enterprises generating more than 300 billion pesos in cumulative investments, 8 billion dollars in exports, and over 400,000 direct jobs. We highly value your continued support to the ecozone program, which has played a key role in sustaining our economic stability amid challenges, and for your steadfast dedication through every circumstance.

Through our ecozone program offering strategic business ecosystems and competitive fiscal incentives for stakeholders, combined with our renowned one-stop-shop services and a no red tape only red-carpet treatment policy, and in collaboration with the ECCP, we anticipate to see a growing number of EU companies particularly in the fields of sustainable technologies, clean and green manufacturing, digital transformation, and other new and emerging industries. We are also positive that together, we shall strengthen our initiatives towards furthering the sustainability practices in the zones in keeping with our commitment to protecting the environment, which should not be neglected at the expense of innovation and development.

Aligned with our shared goal of economic prosperity for the country, ECCP's annual guidebook will act as an invaluable resource for existing and potential European investors, providing essential insights into the Philippine business landscape including pertinent laws, procedures, and fiscal incentives.

Let this annual guidebook stand as a symbol of the enduring economic bond between our two great nations. Together with ECCP, we shall strengthen our goal of eco-zoning the Philippines towards inclusive and sustainable development-para sa Bagong Pilipinas.





Thank you very much! Mabuhay tayong lahat.

Hon. Tereso O. Panga
Director General
Philippine Economic Zone Authority

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Interested to learn more about the Philippine market, specific industry sectors, identify business partners, or invest in the Philippines?
ECCP is the chamber of choice to realize your business plans.

-  Fill up the form.
Go to www.eccp.com/contact and enter details about your business requirements.
-  ECCP will send the proposal based on your requirement with tailor-fit services to match your needs.
-  Do not forget to sign the agreement once the terms and conditions have been finalized between your company and ECCP.
-  The ECCP team will move forward with the scope of work and will remain in close contact with you throughout the entire process.

To know more about Business Services, you may inquire to catherine.lee@eccp.com and business.associate@eccp.com.

ABOUT THE ECCCP



The European Chamber of Commerce of the Philippines (ECCP) serves as a dynamic bridge between Europe and the Philippines, championing stronger economic and business ties. Focused on fostering collaboration, the ECCP offers a comprehensive suite of business consultancy services, connecting companies, organizations, and individuals with business opportunities in both regions.

At the core of its mission, the ECCP drives pro-business and pro-growth advocacy, representing European business interests in high-level Philippine political discussions to enhance trade facilitation and market activities. It actively works to create an environment that nurtures investment and mutual growth.

Positioning itself as a gateway for Europeans into the Philippine Market—and for Filipinos into Europe—the ECCP plays a pivotal role in building robust, cross-border business partnerships, unlocking potential, and advancing shared prosperity.



WHAT WE PROVIDE

As a membership organization with 46 years of experience, the ECCP is proud to have over 830 members in its growing network. Headquartered in the Makati Central Business District in Metro Manila with five regional offices strategically placed across the Philippine archipelago, the chamber provides a wide variety of services for its member companies, individuals, and organizations that aim to make its members' viewpoints heard on economic and business issues, legislative measures, and administrative regulations. The ECCP keeps its members informed through its digital channels, publications, and e-newsletters.

Through its strong relationship with government partners, the ECCP can support its member companies by facilitating market access and ensuring a level playing field for both European and Filipino companies. The ECCP's 24 sector committees regularly meet to discuss issues and actionable solutions, which are then elevated to the government through a series of advocacy tools which include letters to members of the government, drafting of bills, creation of position papers on proposed reforms or current issues, and a collection of Advocacy Papers published every year. ECCP positions cover crosscutting issues and sector-specific position papers, listing key recommendations on actions needed to support market access for European businesses and enable long-term economic welfare for the Philippines.

Visiting or exhibiting at international trade fairs is one of the most effective market entry measures. The ECCP, as an international trade fair information center, provides extensive services to exhibitors and visitors of European and Asian trade fairs. The ECCP also represents leading European fairs in fashion and textiles, consumer goods, electronics, information technologies, industrial goods, building materials, and food. The ECCP endorses and co-organizes Philippine trade fairs and shows which are of interest to European exhibitors.

The ECCP promotes trade and investments between Europe and the Philippines by providing a wide range of information, trade assistance counseling on the local business environment, and advice on investing in the Philippines. The ECCP identifies business opportunities, facilitates business contacts, and provides market intelligence research for European and Philippine companies alike. The ECCP also offers business advisory services, market studies, and other market entry requirements for newcomers to the Philippines market.

One of the objectives of the ECCP is to strengthen commercial and investment relations to the benefit of companies in Europe and the Philippines. Special programs have been developed to identify partners in technology, production, subcontracting, distribution, or joint venture opportunities in both markets. Counselling and linkages to support facilities form part of our services, alongside market intelligence and research services.



ABOUT DIVINALAW



For 19 years, DivinaLaw has become an institution recognized by its peers and relied upon by its clients.

DivinaLaw is a full-service law firm in the Philippines that provides prompt, proactive, and results-oriented service to ensure client satisfaction. The Firm offers depth and range in experience and resources while fostering a professional and collaborative work ethic.

To further strengthen the Firm's corporate, commercial, and arbitration-related services, the Firm has maintained a strong partnership with 13 local law firms in key locations throughout the Philippines.

DivinaLaw is the sole Philippine member of Lawyers Associated Worldwide (LAW), a top-rated international association of over 100 independent law firms from more than 50 countries. It is also the sole Philippine member of Legalink, a leading international association of independent law firms.

AWARDS

Arbitration Law Firm of the Year

Asian Legal Business Philippine Law Awards (2022)

Banking and Financial Services Law Firm of the Year

Asian Legal Business Philippine Law Awards (2023)

Top Law Firm in Banking and Finance

Asia Business Law Journal, Philippine Law Firm Awards (2019, 2020, 2021)

Top Law Firm in Corporate and Commercial

Asia Business Law Journal, Philippine Law Firm Awards (2019, 2020, 2023)

Top Law Firm in Data Compliance and Cybersecurity

Asia Business Law Journal, Philippine Law Firm Awards (2022, 2023, 2024)

Data Privacy and Protection Law Firm of the Year

Asian Legal Business Philippine Law Awards (2022)

Dispute Resolution Law Firm of the Year

Asian Legal Business Philippine Law Awards (2024)

Top Law Firm in Energy

Asia Business Law Journal, Philippine Law Firm Awards (2024)

Fintech Law Firm of the Year

Asian Legal Business Philippine Law Awards (2023)

Immigration Law Firm of the Year

Asian Legal Business Philippine Law Awards (2018)

Top Law Firm in Insurance and Reinsurance

Asia Business Law Journal, Philippine Law Firm Awards (2022)

Labor and Employment Law Firm of the Year

Asian Legal Business Philippine Law Awards (2016)

Top Law Firm in Litigation

Asia Business Law Journal, Philippine Law Firm Awards (2020, 2021, 2022, 2023, 2024)

Top Law Firm in Private Equity and Venture Capital

Asia Business Law Journal, Philippine Law Firm Awards (2019, 2020)

Top Law Firm in Restructuring and Insolvency

Asia Business Law Journal, Philippine Law Firm Awards (2019, 2021, 2022)

Technology, Media and Telecommunications Law Firm of the Year

Asian Legal Business Philippine Law Awards (2024)

Gold Stevie Award for Company of the Year (Medium-Size, Legal)

International Business Awards (2024)

Gold Stevie Award for (Legal) Executive of the Year – Atty. Nilo T. Divina

International Business Awards (2022)

Gold Stevie Award for Web Writing/Content – Atty. Nilo T. Divina

International Business Awards (2024)

Silver Stevie Award for CSR Program of the Year

International Business Awards (2024, Asia, Australia, New Zealand)

Silver Stevie Award for Thought Leader of the Year – Atty. Nilo T. Divina

International Business Awards (2024)

Managing Partner of the Year – Atty. Nilo T. Divina

Asian Legal Business Philippine Law Awards (2021)



PRACTICE AREAS:

- Arbitration & Alternative Dispute Resolution
- Banking & Finance
- Corporate & Special Projects
- Corporate Housekeeping
- Data Privacy
- E-Commerce & Technology
- Energy
- Family Law
- Immigration & Naturalization
- Intellectual Property
- Labor
- Legal Education, Legislative Advocacy & Policy Reform
- Litigation
- Nominee Directorship
- Risk & Crisis Management
- Tax & Estate Planning
- Transportation

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ABOUT THE PHILIPPINE BOARD OF INVESTMENTS



The Philippine Board of Investments (BOI) is the country's lead industry development and investment promotion agency, attached to the Department of Trade and Industry (DTI). Focused on fostering industry growth, the BOI formulates and implements policies and programs to enhance the competitiveness of local industries. This includes implementing interventions and providing support in policy development, research, and development, human resources/capacity-building, and ease of doing business. The BOI also operates as the One-Stop Action Center for Strategic Investments which serves as the single point of entry for strategic investments that may be eligible for green lane services under Executive Order No. 18.

As an investment promotion agency, the BOI actively advocates for and attracts investments, strategically positioning the Philippines as the regional hub for smart and sustainable manufacturing and services, which significantly contributes to advancing economic growth and facilitating job creation. For more information, visit www.boi.gov.ph.



The **Philippine Board of Investments (BOI)** is the country's lead industry development and investment promotion agency. Focused on fostering industry growth, the BOI formulates policies and implements programs to enhance local competitiveness, including interventions in policy, research, development, capacity building, and ease of doing business. The BOI also serves as the single point of entry for strategic investments eligible for green lane under Executive Order No. 18.

As an investment promotion agency, the BOI actively attracts investments, positioning the Philippines as a regional hub for smart and sustainable manufacturing and services, contributing significantly to economic growth and job creation. For more information, visit www.boi.gov.ph.

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WHY THE PHILIPPINES?

OUR BUSINESS ENVIRONMENT

We provide a business-friendly environment for companies across the globe. We offer interesting and modernized incentives and development opportunities on priority sectors to attract sustainable and innovation-driven businesses. We established legislation to protect foreign investments, grant necessary assurance, and guarantee business security in the Philippines. We also implement game-changing laws that will further support and spur local and foreign investments.

OUR STRATEGIC LOCATION

We are an archipelagic country located in the heart of the ASEAN region, providing access to a consumer market of over 600 million and to the world's major hubs for manufacturing and trade. GDP growth in the ASEAN market is set to soar in the next five years and we are more than ready to meet that demand. Our strategic location, combined with our cost efficient labor, gives businesses the best opportunity to access one of the world's major preferred hubs for manufacturing and trade. We provide access to key markets through Free Trade Agreements (FTAs) and Generalized System of Preference (GSP), including membership to the Regional Comprehensive Economic Partnership (RCEP) Agreement, the world's largest free-trade deal.

OUR PEOPLE

The Philippines is home to a talented, skilled and English-speaking workforce. Our commitment to human resource development is reflected in the rise of our global talent ranking. Our institutions continue to figure high in the list of ASEAN top universities. Year after year, well-educated, highly motivated young people are added to our workforce. Our competitive labor costs are just one more attraction.

We have teams of investments specialists both in the Philippines and overseas to make your investment journey seamless. Our in-depth industry knowledge and commitment to making doing business easy means that we've covered all investment bases. We are dedicated to helping you make it happen in the Philippines.

ONGOING AND AFTERCARE SUPPORT

We make investing simple from start to finish by providing access to key information and assistance throughout your investment journey.

NETWORKS

We introduce you to companies, trade associations, business councils and chambers of commerce that will help to boost your investment.

INSIGHTS BY MARKET

We offer unique insights into local markets in the Philippines, helping you make the best decisions for your business.

INSIGHTS BY INDUSTRY

We provide the latest insights and information into changes and developments in our diverse industries.

RESEARCH AND DEVELOPMENT

We give you access to research and development incentives that will help your business get an edge.

EVENTS AND INVESTMENT PROMOTION MISSIONS

You can meet our investment specialists at industry events in the Philippines, and go on investment promotion missions around the world.

B. Braun aims to protect and improve the health of people around the world. For more than 180 years, we have shaped health care with our pioneering spirit and groundbreaking contributions.

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Atty. Clarizza Grace D. Napa
Atty. Renz J. Ayongao
Atty. Kristina Mae C. Durana
Atty. John Edward F. Fronza
Atty. Isabella A. Rodriguez
Atty. Pio Vincent R. Buencamino
Atty. Nikki Tricia R. Santos
Atty. Andrew Gil B. Ambray
DivinaLaw Corporate Affairs Department



THE PHILIPPINES

KEY COUNTRY FACTS: Divided into three island groups - Luzon, Visayas, and Mindanao - and with 17 regions, the Philippines is a country with rich history, diverse culture and natural resources

GOVERNMENT: A republic with a presidential form of government wherein power is equally divided among its three branches: executive, legislative, and judicial

CAPITAL: Manila

CURRENCY: Philippine Peso (PHP)

LANGUAGES: Tagalog and English

RELIGIONS: Roman Catholic (86%), Christian (6%), Islam (4%), and Others (4%)

POPULATION: 119,106,224 as of 2024

MEDIAN AGE: 25.7 years old

KEY EXPORTS INDUSTRY: Electronics and Semiconductors, agricultural-based products, and other manufactured goods and furniture as of April 2024



The Philippines stands out as one of the most competitive economies in Southeast Asia, demonstrating resilience and robust growth. The National Economic and Development Authority (NEDA) reported a 5.2% Gross Domestic Product (GDP) growth rate in Q3 2024, with projections of 6% for Q4. The Philippine Institute for Development Studies (PIDS) forecasts an average annual growth rate of 5.5% by 2030, potentially positioning the Philippines as the third fastest-growing economy globally.

Economic performance has been buoyed by improved employment and inflation conditions. Unemployment dropped to 3.1% in June 2024 from 4.5% the previous year, driven by growth in construction, manufacturing, and retail trade. Inflation eased to 1.9% in September 2024, the lowest since May 2020, and is expected to remain within the government's 2-4% target range.

For the first three quarters of 2024, the Philippines achieved an average growth rate of 5.8%, with its Gross National Income (GNI) per capita reaching USD 3,370—an 8.72% increase

from the previous year—bringing the country closer to its goal of attaining upper-middle-income status by 2025.

Foreign direct investment (FDI) has also surged. In Q1 2024, FDI pledges totalled PHP 148.43 billion, with net inflows increasing by 5.5% by July. Leading investors included Singapore (47.2% of the total), the Netherlands (26.2%), and South Korea (13.6%). Key sectors attracting these investments were energy, infrastructure, real estate, and renewable energy, bolstered by government incentives and sustainability-focused policies.

Export performance has been robust, led by electronics, machinery, and business process outsourcing (BPO) services. Electronics account for over 50% of export value, while renewable energy exports are gaining traction. Participation in the Regional Comprehensive Economic Partnership (RCEP) further enhances

export opportunities, particularly in agriculture, manufacturing, and digital services. The trade deficit has narrowed due to improved export performance and lower global commodity prices.

Efforts to address the current account deficit have shown progress. From 4.5% of GDP in 2022, the deficit is expected to shrink to 2.6% by the end of 2024, supported by diversified exports, increased FDI, and regional trade agreements like RCEP.

Reforms such as the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which reduced corporate income tax rates, and the Public-Private Partnership (PPP) Code have facilitated infrastructure development and encouraged reinvestment. Meanwhile, the Ease of Doing Business Act has streamlined government processes, and the Philippines' entry into RCEP in 2024 has strengthened trade integration. The Build, Better, More program has accelerated infrastructure development, with large-scale projects boosting economic activity and creating jobs.

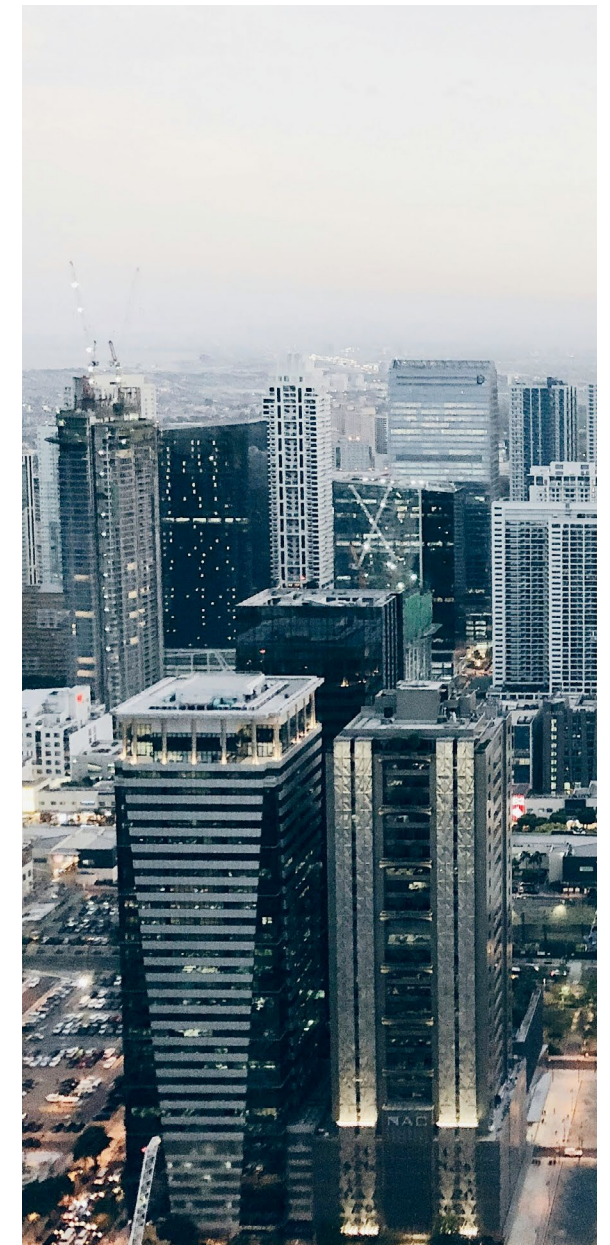
The broader Southeast Asian region provides a supportive backdrop for the Philippines' growth. According to the Asian Development Bank (ADB), Southeast Asia's GDP growth is forecast at 4.5% in 2024 and 4.7% in 2025, supported by robust domestic demand, the tourism rebound, and a recovery in electronic exports. Public investment in large-scale infrastructure projects has significantly contributed to growth in the Philippines.

The ADB highlights moderating inflation as a key enabler of consumer spending and business activity. The Philippine central bank has implemented rate cuts to stimulate the economy, aligning with regional monetary easing trends. However, regional risks such as geopolitical tensions, severe weather disruptions, and fiscal constraints in neighboring countries like Thailand and Timor-Leste underline the importance of resilience and adaptability in economic strategies.

With a regional GDP of USD 3.2 trillion, Southeast Asia is projected to become the world's fourth-largest economy by 2040, growing at an annual rate of 4%. Within this dynamic context, the Philippines is well-positioned for

sustained growth. Its strategic reforms, robust infrastructure investments, and commitment to strengthening public-private partnerships offer significant potential for expansion in global markets.

Sustaining this trajectory will require continued focus on export diversification, investments in renewable energy and manufacturing, and stronger regional integration. By addressing these priorities, the Philippines can enhance its global competitiveness and secure long-term economic stability.



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TRADE RELATIONS BETWEEN THE PHILIPPINES AND EUROPE



The trade relations between the Philippines and Europe have significant economic importance and impact. Europe serves as a major market for Philippines products, while the Philippines provides European businesses with access to the dynamic Southeast Asian market. These trade relations not only foster economic growth but also strengthen diplomatic ties and facilitate cultural exchanges. Understanding the scope and impact of these trade relationships is crucial for both regions as they navigate evolving global economic trends in this new normal

Central to the strength and sustainability of these bilateral trade relations are the trade agreements and frameworks that govern them, ensuring mutual benefits and fostering deeper economic collaboration. These agreements play a vital role in enhancing market access, streamlining trade processes, and promoting investment opportunities, further cementing the partnership between the Philippines and Europe.

European Free Trade Association (EFTA)

The EFTA-Philippines Free Trade Agreement came into effect on June 1, 2018, and marks a significant step in EFTA's strategy to enhance its economic ties in Southeast Asia. EFTA, consisting of Iceland, Liechtenstein, Norway, and Switzerland, implemented in two phases, provides the Philippines with duty-free access to EFTA for all industrial fisheries and tariff lines, providing significant opportunities for Filipino exporters in these sectors. Additionally, the FTA features flexible rules of origin, allowing Philippine exporters of goods like processed meat, fish, and garments to claim preferential tariffs. The agreement also facilitates entry for Philippine service providers, with EFTA members allowing cross-border service supply and temporary movement of skilled professionals, including engineers and architects.

For the Philippines, the Department of Trade and Industry (DTI) reports that the EFTA-Philippines FTA has opened new doors for local exporters, particularly in agriculture, fisheries, and electronics. Moreover, the Philippines secured substantial tariff concessions for major agricultural products such as frozen tuna, canned pineapple, and dried bananas, benefiting exports to EFTA member states and other nearby European countries. In 2022 alone, Philippine exports to EFTA countries grew by 15%, primarily due to increased demand for goods like processed food and electronics. The FTA also

supports Philippine professionals and service providers through EFTA commitments that ease the process for intra-corporate transferees, business visitors, and skilled workers to enter EFTA countries.

The Philippines eliminated most tariffs on EFTA exporters. In 2023, EFTA countries reported a 4.8% 5-year growth rate in exports to the Philippines. The top traded goods are pharmaceutical products, Electronic Machinery, and Clocks/watches. This agreement aims to increase market access, ensures strong cooperation and coordination for international regulations, and recognizes the importance of sustainable development and trade interdependence.

European Union (EU) GSP+

The European Union's (EU) Generalized Scheme of Preferences Plus (GSP+) has been operational since 2014 and is a critical trade mechanism enhancing economic ties with developing countries, including the Philippines. Under the GSP+, the Philippines enjoys preferential access to the EU market, with 6,274 tariff lines granted zero or reduced tariffs on exports such as tuna, bananas, and textiles.

The Philippines has actively leveraged GSP+ benefits, which have supported its export growth in the EU market. According to the DTI, Philippine exports under GSP+ increase by 7% in 2022, with key product categories increasing steadily in demand. This scheme allows the Philippines to maintain competitiveness in the European market, as local exporters benefit from the aforementioned reduced tariffs and gain a foothold in other high-demand sectors. Philippine authorities are also focused on fulfilling GSP+ compliance requirements, such as labor rights and environmental commitments, to sustain this trade relationship with the EU.

In 2023, the European Commission recorded the total trade in goods between the EU and the Philippines amounts to €16.1 billion. The Philippines is the EU's 7th largest trading partner in the ASEAN region, with top trade exports to the Philippines being machinery, transport equipment, and chemicals.

United Kingdom (UK) Developing Countries Trading Scheme (DCTS)

The trade relationship between the United Kingdom (England, Scotland, Wales, and Northern Ireland) and the Philippines has grown significantly since formal diplomatic ties were established on 4 July 1946. Guided by the Joint Plan of Action (JPA) signed in 2012, which emphasizes political, economic, and cultural cooperation, the UK has become the Philippines' largest European investor. Bilateral trade reached a record £2.9 billion in 2024, marking a 0.4% increase from Q2 2023, with key exports such as tuna and textiles driving growth. The introduction of the Developing Countries Trading Scheme (DCTS) in 2023, replacing the GSP+, is set to further enhance trade by reducing tariffs and simplifying trading rules for Philippine businesses.

The recent 4th Philippines-UK Economic Dialogue reaffirmed the importance of bilateral trade and investment in promoting inclusive growth. Both nations committed to advancing shared priorities, including expanding trade opportunities, supporting sustainable infrastructure through the British Investment Partnerships (BIP), and prioritizing renewable energy and public transport improvements. Efforts to enhance ease of doing business, regulatory reforms, and digitalization aim to create a more competitive and open investment environment.

The trade between the UK and the Philippines has been steadily evolving, with the Philippines ranking as the UK's 60th largest trading partner in the four quarters ending Q2 2024, contributing 0.2% to the UK's total trade. During this period, the total trade in goods and services between the two countries reached £2.9 billion, reflecting a modest increase of 0.4% (£13 million) compared to the same period in 2023. UK exports to the Philippines amounted to £1.2 billion, marking a decline of 11.0% (£143 million), while UK imports from the Philippines increased by 9.8% (£156 million), reaching £1.7 billion.

The Philippines and the UK mark 77 years of diplomatic relations with a renewed commitment to strengthening ties. The updated Joint Action Plan for 2023-2024 underscores their shared dedication to enhancing economic collaboration, tackling market access challenges, and advancing sustainable growth for the benefit of both nations.

Building upon these Philippine trade agreements with the EU, EFTA, and the UK displays a determined effort to stimulate economic growth and collaboration with ongoing discussions, including updates to trade agreements and frameworks. These aim to enhance market access, simplify trade rules, and address mutual priorities such as sustainability and innovation. For the EU, the Philippines is working to finalize an FTA to ensure continued preferential trade access once the GSP+ expires, with negotiations expected to further open markets and attract European investment. Similarly, under its DCTS, the UK aims to streamline trade processes and foster deeper ties by reducing tariffs and simplifying export procedures. With evolving trade discussions, the outlook for deeper partnerships and expanded opportunities remains optimistic across all these regions.

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1

Prepare all the details of the corporation.¹



2

Register with the Securities and Exchange Commission (SEC) via the Electronic Simplified Processing of Application for Registration of Company (eSPARC). Access to eSPARC requires the creation of a credentialed account with the Electronic SEC Universal Registration Environment (eSECURE).²



3

Upon receipt of the notice of approval and payment assessment form from the SEC, pay for the registration fees and submit the notarized copies of the Articles of Incorporation and By-Laws to the SEC.³



4

Secure the original Certificate of Incorporation from the SEC upon notice that it is ready for release.



5

Obtain and register the stock and transfer book from the SEC.⁴

¹ Prepare the corporate name, primary purpose, secondary purposes, principal office address, business contact details, capital structure, fiscal year details, profiles of the company officers, incorporator/s, director/s, and subscriber/s, subscription details, official and alternate email addresses and mobile numbers, and term of the corporation.

² Corporations falling under the covered industries and complying with certain conditions, i.e., with incorporators who are all Filipinos and natural persons, no trade name, not located in the economic zones, with perpetual term, and do not require the endorsement of any other department and/or any government agency/ies, etc., may apply for incorporation via the OneSEC Zuper Easy Registration Online

(SEC Zero) which aims to process the application within one (1) day from submission, provided that all the incorporators and officers have existing credentialed eSECURE accounts. The corporate officers will authenticate the application documents via the SEC's Electronic Submission Authentication Portal (eSAP), effectively doing away with the notarization of physical documents. Registered applications will receive a Digitally Signed Certificate of Incorporation which bears the same legal validity as with the original certificate. If all the conditions are met but the corporate officers do not have credentialed eSECURE accounts, the corporation may apply via the One day Submission and E-registration of Companies (OneSEC) Only. All other applications must be via the regular processing of eSPARC.



6

Obtain barangay clearance from the barangay where the principal place of business is located. To obtain the barangay clearance, the following are generally required to be submitted (as these may differ from barangay to barangay): application form, SEC Certificate of Incorporation and approved Articles of Incorporation and By-laws, location plan/site map, and the lease agreement for the company's office.



7

Obtain a business permit from the local government unit (LGU). This entails filing the necessary application form, payment of local taxes, permits (e.g., sanitary permits and fire permits), and other fees. The amount of fees and taxes varies per LGU and depends on the nature of the business.



8

Register with the Bureau of Internal Revenue (BIR): (a) apply for a Tax Identification Number (TIN) and Certificate of Registration (COR), (b) apply for authority to print invoices, and (c) register books of account.



9

Register your company and employees with the following agencies:

- Social Security System (SSS)
- Philippine Health Insurance Company (PhilHealth)
- Home Development Mutual Fund (Pag-IBIG)⁵



10

For certain industries, obtaining secondary licenses and government permits and approvals is required before the commencement of operations or business activity.

³ For all registrations, upon receipt of the digital Certificate of Incorporation from eSPARC, the applicant will be redirected to the Philippine Business Hub page and allowed to apply online for the following: (1) company's Tax Identification Number, (2) employer numbers from the Social Security System, Philippine Health Insurance Company (PhilHealth), and Home Development Mutual Fund (Pag-IBIG Fund), and (3) local government unit registration (in most cities and municipalities). The submission of the notarized copies of the AOI and By-Laws is not applicable for registrations via SEC Zero.

⁴ Pursuant to SEC Memorandum Circular No. 23, Series of 2023, all registrants of the eSPARC and OneSEC shall be deemed to have complied with the provisions of SEC Memorandum Circular No. 28, Series of 2020 and SEC Memorandum Circular No. 01, Series of 2021. The registrant shall also be automatically enrolled in the SEC Electronic Filing and Submission Tool (eFAST).

⁵ The corporation must also register with the Department of Labor and Employment after obtaining the business permit.

INVESTING WITH INCENTIVES

Strategic Investment Priority Plan (SIPP)

The Philippines, through the Board of Investments (BOI), formulates a three-year Strategic Investment Priority Plan (SIPP), which lays down the activities to promote a competitive economy, generate employment opportunities, and resolve societal issues. The SIPP is valid for three (3) years and is subject to review and amendment every three (3) years thereafter. In 2022, the President issued Memorandum Circular No. 61, approving the 2022 SIPP List of Priority Activities.

Currently, the preferred areas of investment are as follows:

Tier I

A. Preferred Activities	B. Export Activities	C. Special Laws
<ul style="list-style-type: none"> Qualified Activities Against COVID-19 Activities in Support of Government Programs All Qualified Manufacturing Activities Agriculture, Fishery, and Forestry Strategic Services Healthcare and DRRM Services Mass Housing Infrastructure and Logistics Innovation Drivers Inclusive Business Models Environment / Climate Change Projects Energy 	<ul style="list-style-type: none"> Production and Manufacture of Export Products Services Exports Activities in Support of Exporters 	<ul style="list-style-type: none"> Industrial Tree Plantation Mining (Limited to Capital Equipment Incentive) Publication or Printing of Books/Textbooks Refining, Storage, Marketing & Distribution of Petroleum Products Rehab and Self-Development of PWDs Renewable Energy Tourism Energy Efficiency and Conservation

Tier II

- Green Ecosystems
- Health-related Activities
- Defense-related Activities
- Industrial Value-chain Gaps
- Food Security-related Activities

Tier III

- Research and Development and Activities Adopting Advanced Digital Production Technologies of the Fourth Industrial Revolution
- Highly Technical Manufacturing and Production of Innovative Products and Services
- Innovation Support Facilities

Several fiscal or non-fiscal incentives are available to registered business enterprises (RBEs) engaged in projects or activities included in the SIPP. The Fiscal Incentives Review Board (FIRB) is the governmental body that has the authority by law to grant tax incentives to RBEs. However, if the investment capital of the registered projects or activities is fifteen billion pesos (P15,000,000,000) and below, then the various Investment Promotion Agencies (IPAs) have delegated authority. The various IPAs are the Philippine Economic Zone Authority (PEZA), Bases Conversion and Development Authority (BCDA), Subic Bay Metropolitan Authority (SBMA), and Clark Development Corporation (CDC), among others.

CREATE and CREATE More

In 2021, Republic Act No. 11534, otherwise known as the CREATE Act, streamlined the tax incentive system of the Philippines by integrating the different types of incentives into one law. It categorized RBEs primarily into two: (1) Registered Export Enterprises (REEs) and (2) Domestic Market Enterprises (DMEs). Thereafter,

Republic Act No. 12066, otherwise known as the CREATE MORE Act, which took effect on 27 November 2024, enhanced and broadened the current tax incentives primarily to boost economic recovery and attract foreign investments by clarifying existing rules and policies on the grant of fiscal incentives.

The CREATE Act and the CREATE MORE Act feature six (6) primary fiscal incentives, namely:

- Income Tax Holiday (ITH) – available for all RBEs (REEs/DMEs), exemption from income tax on registered projects/activities;
- Special Corporate Income Tax (SCIT) – available for REEs, a special 5% tax rate based on the gross income earned, instead of all national and local taxes, including local fees;
- Enhanced Deduction Regime (EDR) – available for all RBEs (REEs/DMEs), additional deductions on taxable income, and a lower corporate income tax rate of 20%;
- Duty exemption for importation of capital equipment, raw materials, spare parts, and accessories directly attributable to the registered project or activity;
- Value-added tax (VAT) Exemption on Importation and VAT zero-rating on local purchases; and
- RBE Local Tax (RBELT) – depending on the *Sanggunian* concerned, the local government unit may impose an RBELT of not more than two percent (2%) of the RBE's gross income during the ITH or EDR period. If the RBE avails of SCIT, no RBELT shall be imposed.

Previously, RBEs had to first avail of the ITH before they could enjoy the benefits of either the SCIT or EDR. Currently, the CREATE MORE Act allows taxpayers to forego the ITH and directly avail the 5% SCIT or EDR.

Fiscal and Non-Fiscal Incentives

Fiscal Incentives	Approved by FIRB for enterprises with an investment capital of more than fifteen billion pesos		Approved by IPAs (BOI, PEZA, SBMA, CDC, etc.) for enterprises with an investment capital of fifteen billion pesos and below	
	Registered Export Enterprises (REEs)	Domestic Market Enterprises/ High-Value Domestic Market Enterprises (DMEs/HVDMEs)	Registered Export Enterprises (REEs)	Domestic Market Enterprises (DMEs)
Option 1: Income Tax Holiday (ITH)	ITH of four (4) to seven (7) years, depending on location and industry + SCIT/EDR for twenty (20) years	ITH of four (4) to seven (7) years, depending on location and industry + EDR for twenty (20) years	ITH of four (4) to seven (7) years, depending on location and industry + SCIT/EDR for ten (10) years	ITH of four (4) to seven (7) years, depending on location and industry + EDR for ten (10) years
Option 2: 5% Special Corporate Income Tax (SCIT)/Enhanced Deduction Regime (EDR)	SCIT/EDR for a maximum of twenty-four (24) to twenty-seven (27) years, depending on location and industry	EDR for a maximum of twenty-four (24) to twenty-seven (27) years, depending on location and industry	SCIT/EDR for a maximum of fourteen (14) to seventeen (17) years, depending on location and industry	EDR for a maximum of fourteen (14) to seventeen (17) years, depending on location and industry
Tax and duty-free importation	For capital equipment, raw materials, spare parts, and accessories, directly attributable to the registered project or activity, including goods used for administrative purposes			
VAT exemption on importation and VAT zero rating on local purchases	Only to goods and services directly attributable to the registered project or activity	Only to HVDMEs and concerning goods and services directly attributable to the registered project or activity	Only to goods and services directly attributable to the registered project or activity	Not entitled
Exemption from local taxes, fees, and charges	No RBE Local Tax (RBELT) if under SCIT; otherwise, subject to RBELT.	RBELT during the period of availment of the ITH or EDR.	No RBELT if under SCIT; otherwise, subject to RBELT.	RBELT during the period of availment of the ITH or EDR.

Non-Fiscal Incentives for Registered Business Enterprises (FIRB/IPA approved)

- Simplified Tax Filing and Reporting
- Assistance in securing government permits
- Simplified Import/Export Procedures
- Employment of Foreign Nationals
- Special non-immigrant visa

Eligibility Requirements

To be eligible for incentives, the individual, partnership, corporation, or other entity must be (1) registered with an Investment Promotion Agency (IPA) either as a Domestic Market Enterprise (DME) or a Registered Export Enterprise (REE) and (2) undertakes registered projects or activities.

Approving agency:

For SIPP-registered projects or activities

- Projects or activities with an investment capital of more than fifteen billion pesos (P15,000,000,000) - the Fiscal Incentives Review Board (FIRB), upon the recommendation of the concerned IPA, shall approve or disapprove the grant of incentives to the extent of the registered project or activity.
- Projects or activities with an investment capital of fifteen billion pesos (P15,000,000,000) and below - the concerned IPA shall approve or disapprove the grant of incentives to the extent of the registered project or activity.

For non-SIPP registered projects or activities

- The concerned IPA shall have the power to grant incentives following their respective mandates under special laws.

BOI Application Process

1. Submit the filled-up and notarized Application Form with the required attachments.
 - If complete - the application is officially accepted
 - If incomplete - the application will be returned
2. Once officially accepted, pay the filing fee and publish "Notice" in a newspaper of general circulation.
3. Evaluation process within 20 working days upon official acceptance.
4. The application will be endorsed for Board Approval
 - If the project cost is more than P15 Billion, the application shall be submitted to the Fiscal Incentives Review Board (FIRB) for approval.
5. Submission of pre-registration requirements within 60 calendar days
6. Payment of Registration Fee (Preparation of Certification of Registration within 1 week)
7. Issuance of Certificate of Registration

References:

Republic Act (R.A.) No. 8424, otherwise known as the "National Internal Revenue Code," as amended by R.A. No. 10963 (TRAIN), R.A. No. 11256, R.A. No. 11346, R.A. No. 11467, R.A. No. 11534 (CREATE), R.A. No. 11976 (EOPT), and R.A. No. 12066 (CREATE MORE).
 Presidential Decree No. 766.
 Fiscal Incentives Review Board Resolution No. 003-24.
 R.A. No. 7916, otherwise known as the "Special Economic Zone Act."
 R.A. No. 7227, otherwise known as the "Bases Conversion and Development Act of 1992."
 Implementing Rules and Regulations of R.A. No. 11534.

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I INVESTMENTS

INVESTMENTS

1. LEGAL LANDSCAPE

The Philippines adopted a civil law system consisting of statutes enacted by the legislature, and which are anchored in the 1987 Constitution, the supreme law of the land. Secondary authoritative sources of law are the decisions issued by the Supreme Court, implementing rules and regulations issued by regulatory authorities (such as the Securities & Exchange Commission (SEC), Department of Trade and Industry (DTI), Philippines Stock Exchange (PSE), Philippine Competition Commission (PCC), among others), and the Executive Orders issued by the Office of the President.

2. DOING BUSINESS IN THE PHILIPPINES

Registration with SEC or DTI is required before an entity can do business in the Philippines.

While the Revised Corporation Code does not define the term “doing business,” Republic Act No. 7042, as amended, otherwise known as the Foreign Investments Act of 1991 (FIA), enumerates certain activities that are deemed to constitute “doing business” in the Philippines:

- a. Soliciting orders, service contracts;
- b. Opening offices, whether called liaison offices or branches;
- c. Appointing representatives or distributors domiciled in the Philippines or who in any calendar year stay in the country for a period or periods totaling one hundred eighty (180) days or more;
- d. Participating in the management, supervision, or control of any domestic business, firm, entity, or corporation in the Philippines; and
- e. Any other act or acts that imply a continuity of commercial dealings or arrangements and contemplate to that extent the performance of acts or works, or the exercise of some of the functions normally incident to, and in progressive prosecution of, commercial gain, or of the purpose and object of the business organization.

On the other hand, the following activities do not constitute doing business in the Philippines and, consequently, are not required to obtain a license:

- a. Mere investment as a shareholder by a foreign entity in domestic corporations duly registered to do business and/or the

- b. exercise of rights as such investor;
- b. Having a nominee director or officer to represent its interest in such corporation;
- c. Appointing a representative or distributor domiciled in the Philippines that transacts business in its own name and for its own account;
- d. Publication of a general advertisement through any print or broadcast media;
- e. Maintaining a stock of goods in the Philippines solely to have the same processed by another entity in the Philippines;
- f. Consignment by a foreign entity of equipment with a local company to be used in the processing of products for export;
- g. Collecting information in the Philippines and
- h. Performing services auxiliary to an existing isolated contract of sale that is not continuing, such as installing in the Philippines machinery it has manufactured or exported to the Philippines, servicing the same, training domestic workers to operate it, and similar incidental services.

Further, a foreign entity will not be deemed as doing business in the Philippines for making an isolated transaction. An “isolated transaction” means a transaction or series of transactions set apart from the common business of a foreign enterprise in the sense that there is no intention to engage in a progressive pursuit of the purpose and object of the business organization.

As a general rule, a foreign corporation transacting business in the Philippines without a license shall not be permitted to maintain or intervene in any action, suit, or proceeding in any court or administrative agency of the Philippines; but such corporation may be sued or proceeded against. However, there are instances when an unlicensed foreign corporation may sue, such as for actions involving isolated transactions, to protect the intellectual property rights of the foreign corporation, or to enforce foreign arbitral awards in its favor according to an arbitration clause in a contract.

3. FOREIGN DIRECT INVESTMENTS

A. Policy and General Rule

The FIA is the primary governing law on foreign investments in the Philippines. Generally, there are no restrictions on foreign investments, except in restricted activities as provided in the Constitution and applicable laws. These restricted activities are outlined in the Foreign Investments Negative List promulgated and issued regularly by the Office of the President.

B. Restricted Activities

No Foreign Equity	<ol style="list-style-type: none"> 1. Mass media, except recording and Internet business 2. Practice of professions, except in cases specifically allowed by law following the prescribed conditions stated therein 3. Retail trade enterprises with paid-up capital of less than P25M; 4. Cooperatives, except investments of former natural born citizens of the Philippines 5. Organization and operation of private detectives, watchmen, or security guard agencies 6. Small-scale mining 7. Utilization of marine resources in archipelagic waters, territorial sea, and exclusive economic zones, as well as small-scale utilization of natural resources in rivers, lakes, bays, and lagoons 8. Ownership, operation, and management of cockpits 9. Manufacture, repair, stockpiling, and/or distribution of nuclear weapons 10. Manufacture, repair, stockpiling, and/or distribution of biological, chemical, and radiological weapons and anti-personnel mines 11. Manufacture of firecrackers and other pyrotechnic devices
Up to 25% foreign equity	<ol style="list-style-type: none"> 1. Private recruitment, whether for local or overseas employment 2. Contracts for the construction of defense-related structures
Up to thirty percent (30%) foreign equity	<ol style="list-style-type: none"> 1. Advertising
Up to forty percent (40%) foreign equity	<ol style="list-style-type: none"> 1. Procurement of infrastructure projects 2. Exploration, development, and utilization of natural resources¹ 3. Ownership of private lands, except for a natural born citizen who has lost his Philippine citizenship and who has the legal capacity to enter into a contract under Philippine laws 4. Operation of public utilities² 5. Educational institutions other than those established by religious groups and mission boards, for foreign diplomatic personnel and their dependents, and other foreign temporary residents, or for short-term high-level skills development that do not form part of the formal education system 6. Culture, production, milling, processing, trading except retailing, of rice and corn and acquiring, by barter, purchase or otherwise, rice and corn and the by-products thereof, subject to the period of divestment 7. Contracts for the supply of materials, goods, and commodities to government-owned or -controlled corporations, companies, agencies, or municipal corporation 8. Operation of deep-sea commercial fishing vessels 9. Ownership of condominium units 10. Private radio communications network

¹ In Department Circular No. 2022-11-0034 signed on 15 November 2022, the Department of Energy (DOE) amended its implementing rules and regulations (IRR) for Republic Act 9513, otherwise known as the “Renewable Energy Law” to allow full foreign ownership for entities engaged in the exploration, development, and utilization of the Philippine renewable energy resources, such as solar, wind, biomass, ocean, or tidal energy.

² Pursuant to Republic Act No. 11659, which amended Commonwealth Act No. 146, otherwise known as the “Public Service Act” and enacted on 21 March 2022, public utilities are defined to cover only the following sectors: (a) Distribution of electricity; (b) Transmission of electricity; (c) Petroleum and petroleum products; (d) Water pipeline distribution systems and wastewater pipeline systems, including sewerage pipeline systems; (e) Seaports; and (f) Public utility vehicles. Telecommunications and any other sector identified by the President as critical infrastructure are subject to a fifty percent (50%) foreign equity restriction, unless the country of such foreign national accords reciprocity to Philippine nationals.

11. Manufacture, repair, storage, and/or distribution of products and/or ingredients requiring Philippine National Police (PNP) clearance:
 - a. Firearms (handguns to shotguns), parts of firearms and ammunition, therefore, instruments or implements used or intended to be used in the manufacture of firearms;
 - b. Gunpowder;
 - c. Dynamite;
 - d. Blasting supplies;
 - e. Ingredients used in making explosives:
 - i. Chlores of potassium and sodium;
 - ii. Nitrates of ammonium, potassium, sodium barium, copper (11), lead (11), calcium and cuprite;
 - iii. Nitric acid;
 - iv. Nitrocellulose;
 - v. Perchlorates of ammonium, potassium, and sodium;
 - vi. Dinitrocellulose;
 - vii. Glycerol;
 - viii. Amorphous phosphorus;
 - ix. Hydrogen peroxide;
 - x. Strontium nitrate powder;
 - xi. Toluene; and
 - f. Telescopic sights, sniper scopes, and other similar devices.
12. Manufacture and distribution of dangerous drugs
13. Sauna and steam bathhouses, massage clinics, and other similar activities regulated by law because of risks posed to public health and morals, except wellness centers.
14. All forms of gambling, except those covered by investment agreements with the Philippine Amusement and Gaming Corporation;
15. Micro and small domestic market enterprises³ with paid-in equity capital of less than the equivalent of US\$200,000.00;
16. Micro and small domestic market enterprises: (i) that involve advanced technology as determined by the Department of Science and Technology (DOST); or (ii) are endorsed as startup or startup enablers by the lead host agencies, namely the Department of Trade and Industry, Department of Information and Communications Technology, or DOST, or (iii) with a majority of their direct employees as Filipinos, but in no case shall the number of Filipino employees be less than fifteen (15), with paid-in equity capital of less than the equivalent of US\$100,000.00.

³ A "domestic market enterprise" refers to an enterprise which produces goods for sale or renders service to the domestic market entirely, or if exporting a portion of its output fails to consistently export at least sixty percent (60%) thereof. Conversely, "export enterprise" refers to an enterprise wherein a manufacturer, processor, or service (including tourism) enterprise exports sixty percent (60%) or more of its output, or wherein a trader purchases products domestically and exports sixty percent (60%) or more of such purchases. Foreign investments in export enterprises are allowed up to one hundred percent (100%) equity participation, provided that the enterprise does not engage in any restricted activity.

4. BUSINESS VEHICLES

There are eight (8) main types of business vehicles that may be registered in the Philippines. The business vehicles may be categorized as domestic or foreign:

- a. **Domestic Entities.** Subject to the restrictions on foreign direct investments (discussed in Part 3), foreign nationals may organize and register the following business types under and following Philippine laws:
 - i. **Sole Proprietorship:** which is owned by, and registered in favor of, only one (1) individual who must register with DTI. A sole proprietorship does not possess a juridical personality separate and distinct from the personality of the owner of the business.
 - ii. **Partnership:** a partnership has its legal personality separate and distinct from that of its partners. A partnership may either be a (1) general partnership, where the partners have unlimited liability for the debts and obligation of the partnership, or (2) limited partnership, where one or more general partners have unlimited liability, and the limited partners have liability only up to the amount of their capital contributions.
 - iii. **One Person Corporation (OPC):** The OPC consists of a single stockholder who is also the sole director and president. The single stockholder may likewise be appointed as the treasurer, provided that he submits a bond, renewable every two (2) years to the SEC. The OPC has a separate legal identity from the single stockholder, which allows the businessman to limit his liability in the conduct of his business, and to gain complete control and authority to manage his business affairs without the need to seek consensus and approval from a board of directors or stockholders.
 - iv. **Corporation:** A corporation has a legal personality separate and distinct from that of its stockholders. The Philippines recently revised its Corporation Code to ease the incorporation requirements. Among others, the Revised Corporation Code now (i) allows perpetual corporate term and corporate entities as incorporators, (ii) reduces the number of incorporators to at least two (2) from the previous minimum requirement of five (5) individual incorporators, and (iii) removes

the minimum subscribed and paid-up capital requirement.

- b. **Foreign Corporations.** Foreign corporations may register with the SEC and obtain a license to transact as a:

- v. **Branch office:** As an extension of a foreign corporation, the branch office carries out business activities of the foreign head office. It has no separate legal personality from the foreign head office. Consequently, any liability incurred by the branch is a liability of the head office. If a branch office will operate as a domestic market enterprise, it must meet the minimum capital requirement of Two Hundred Thousand US Dollars (US\$200,000) or One Hundred Thousand US Dollars (US\$100,000) as discussed in Part 3B.

Additionally, branch offices are required to deposit securities with the SEC for the benefit of present or future creditors. The securities must be equivalent to at least Five Hundred Thousand Pesos (P500,000.00) plus an annual additional deposit of two percent (2%) of the amount by which the branch office's gross income exceeds Ten Million Pesos (P10,000,000.00).

- vi. **Representative Office:** A representative office is also an extension of a foreign corporation and does not have a legal personality separate from its parent company. It is allowed to perform limited activities in the Philippines, such as information dissemination, promotion of company products, quality control of products for export, and acting as a communication center. A representative office, however, cannot derive any income from the Philippines. It is required to be fully subsidized by its foreign head office and have a minimum inward remittance of Thirty Thousand US Dollars (US\$30,000.00) to cover its operating expenses.
- vii. **Headquarters:** The foreign corporation may also establish either a Regional or Area Headquarters (RHQ) or Regional Operating Headquarters (ROHQ) in the Philippines:

- a. **RHQ:** An RHQ acts as an administrative branch of a foreign

company and hence, it has no separate legal personality from its parent company. It principally serves as a supervision, communications, and coordination center for the foreign company's subsidiaries, branches, or affiliates in the Asia-Pacific region and other foreign markets. As an administrative branch, an RHQ is not allowed to earn or derive income in the Philippines. It is required to have an annual inward remittance of at least Fifty Thousand US Dollars (US\$50,000.00) to cover its operating expenses.

b. ROHQ: Unlike an RHQ, an ROHQ is allowed to derive income in the Philippines. However, it only performs qualifying services to its affiliates, subsidiaries, or branches in the Philippines, in the Asia-Pacific region, and other foreign markets, particularly:

- i. General administration and planning;
- ii. Business planning and coordination;
- iii. Sourcing/procurement of raw materials and components;
- iv. Corporate finance advisory services;
- v. Marketing control and sales promotion;
- vi. Training and personnel management;
- vii. Logistics services;
- viii. Research and development services, and product development;
- ix. Technical support and maintenance;
- x. Data processing and communication; and
- xi. Business development.

It shall be required to initially remit into the country such amount as may be necessary to cover its operations in the Philippines, which amount should not be less than Two Hundred Thousand US dollars (US\$200,000.00).

5. MERGERS AND ACQUISITIONS

Foreign parties to merger and acquisition transactions, whether inside or outside of the Philippines, are covered by the merger control rules of the Philippines if the transaction will have direct, substantial, and reasonable effects in the trade, industry, or commerce in the Philippines.

The merger control rules are governed by Republic Act No. 10667, otherwise known as the Philippine Competition Act (PCA), and the rules and issuances of the Philippine Competition Commission (PCC). An "acquisition" refers to the purchase of securities

or assets, through contract or other means, for the purpose of obtaining control by (i) one (1) entity of the whole or part of another, (ii) two (2) or more entities over another, or (iii) one (1) or more entities over one (1) or more entities. On the other hand, "merger" is defined as the joining of two (2) or more entities into an existing entity or to form a new entity, including joint ventures.

Parties to a merger or acquisition agreement are required to notify the PCC before the execution of definitive agreements if the following thresholds are reached:

- a. Size of Person Test.** If the aggregate annual gross revenues in, into, or from the Philippines, or the value of the assets in the Philippines of the ultimate parent entity of at least one of the acquired or acquiring entities, including that of all entities that the ultimate parent entity controls, directly or indirectly, exceeds Seven Billion Eight Hundred Million Pesos (P7.8B); and
- b. Size of Transaction Test.** The value of the transaction exceeds Three Billion Two Hundred Million Pesos (P3.2B). The size of the transaction pertains to the value of the assets being acquired or/and gross revenues generated by the assets being acquired, or of the acquired entity and entities it controls, depending on the type of transaction.

Upon submission of the notice, the PCC shall determine within fifteen (15) days whether the notice and relevant documents have been completed following applicable rules and guidelines and shall inform the parties of other information and/or documents it may have failed to supply, or issue a notice to the parties that the notification is sufficient for purposes of commencing the review of the merger or acquisition.

The PCC conducts a two-phase assessment of a notified merger. The Phase 1 review lasts for a maximum period of thirty (30) days from the complete payment of the filing fees. It involves an assessment to determine if the notified merger raises any competition concerns that would warrant a more detailed review.

If no competition concerns are raised, the merger may be cleared within the period for Phase 1 review. Otherwise, the PCC shall commence a Phase 2 review upon payment of the Phase 2 filing fees, and will last for a maximum period of sixty (60) days. This is a more detailed and in-depth assessment of the merger.

At the end of the Phase 1 or 2 review process, the PCC may decide to (i) approve the merger, (ii) prohibit

the merger, or (iii) prohibit the merger and citing conditions that it considers appropriate to remedy, mitigate or prevent the restriction or lessening of competition. If no decision is promulgated upon the lapse of the periods of review, the merger shall be deemed approved.

6. INVESTMENT IN A PUBLIC COMPANY

Acquisition of shares of Philippine public companies is subject to mandatory tender offer rules under Republic Act No. 8799, otherwise known as the Securities Regulation Code (SRC). A "public company" refers to any corporation with a class of equity securities listed in the Philippine Stock Exchange (PSE), or with assets over Fifty Million Pesos (P50,000,000.00) and has two hundred (200) or more holders each holding at least one hundred (100) shares of a class of its equity securities.

Acquisition by any person or group of persons acting in concert, who intend to acquire fifteen percent (15%) of equity securities in a public company in one or more transactions within twelve (12) months, are required to file a declaration with the SEC.

A mandatory tender offer is triggered if any person or group of persons acting in concert, in one or more transactions within twelve (12) months, shall:

- (i) Acquire thirty-five percent (35%) of the outstanding voting shares or such outstanding voting shares that is sufficient to gain control of the board in a public company, or
- (ii) Acquire any shares that would result in ownership of over fifty percent (50%) of the total outstanding equity securities of a public company.

Mergers and consolidations are exempt from the mandatory tender offer requirement.

References:

1. Republic Act No. 7042 or the Foreign Investments Act of 1991
2. Implementing Rules and Regulations of the Foreign Investments Act of 1991
3. Saint Wealth Ltd. v. Bureau of Internal Revenue, G.R. Nos. 252965 & 254102, (2021)
4. Republic Act No. 11232 or the Revised Corporation Code of the Philippines
5. Republic Act No. 386 or the Civil Code
6. Department of Energy Department Circular No. 2022-11-0034
7. Republic Act No. 10667 or the Philippine Competition Act
8. Implementing Rules and Regulations of the Philippine Competition Act
9. Philippine Competition Commission Resolution No. 01-2024
10. Republic Act No. 8799 or the Securities Regulation Code
11. 2015 Implementing Rules and Regulation of the Securities Regulation Code
12. Republic Act No. 8756 or the Omnibus Investments Code of 1987, as amended
13. SEC Memorandum Circular No. 15 Series of 2006
14. SEC Memorandum Circular No. 17 Series of 2019
15. SEC Office of the General Counsel Opinion No. 10-17
16. Republic Act No. 11659 or the Amendment to C.A. No. 146, the Public Service Act

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II FOREIGN EXCHANGE CONTROLS

FOREIGN EXCHANGE CONTROLS

The Bangko Sentral ng Pilipinas (BSP) is the government agency that regulates foreign exchange transactions in the Philippines. The regulations of BSP on foreign exchange and related transactions are consolidated in the Manual of Regulations on Foreign Exchange Transactions (FX Manual). The BSP regulates foreign exchange transactions through authorized agent banks (AAB) and subsidiary/affiliate foreign exchange corporations of AABs (AAB Forex Corps).

1. FOREIGN DIRECT INVESTMENT

Inward foreign investments do not require registration with BSP unless the repatriation of capital and/or the remittance of related earnings in Philippine pesos thereon shall be funded with foreign exchange resources of AAB/AAB Forex Corps (the investee would purchase foreign exchange from AAB/AAB Forex Corps to fund the repatriation of capital or remittance of related earnings). A Bangko Sentral Registration Document (BSRD) will serve as evidence of the BSP registration of these investments.

The application for registration shall be made within a period of one (1) year. The reckoning period for the application and submission of supporting documents depends on the form of investment, e.g., whether the investment is made in cash or in kind. Generally, the application shall be filed within one (1) year from actual funding of inward cash remittances of foreign exchange, and actual transfer to the Philippines for asset funding.

BSP-registered investments shall be entitled to full and immediate repatriation of capital and remittance of related earnings thereon using foreign exchange resources of AABs/AAB Forex Corps.

2. FOREIGN LOANS/ BORROWINGS AND GUARANTEES

A. Loans and Borrowings

Prior BSP approval/registration is generally required to allow the borrower to purchase foreign exchange from AAB/AAB Forex Corps to be used as payment for a loan/borrowing.

Foreign loans/borrowings, foreign currency loans from banks operating in the Philippines to be obtained by the public sector and those obtained by the private sector that will be publicly guaranteed shall, generally, require prior BSP approval.

While prior BSP approval is not required for private sector foreign loans/borrowings that are not publicly guaranteed, registration with the BSP shall still be required if these loans/borrowings will be serviced using foreign exchange resources of AAB/AAB Forex Corps.

Applications for BSP approval/registration of loans shall be filed through the BSP's online system and shall be free of charge. AABs/AAB Forex Corps may sell foreign exchange for servicing of foreign/foreign currency loans/borrowings upon submission to the selling institution of a duly accomplished and signed application with the applicable supporting documents.

B. Guarantees and Other Similar Arrangements

Guarantees for the account of the public sector or similar arrangements that may give rise to foreign obligations of the public sector to non-residents, as well as those issued by government-owned and controlled corporations (excluding public sector banks and non-bank financial institutions with quasi-banking functions) in favor of non-residents, shall require prior BSP approval.

The following guarantees for the account of non-residents and private sector residents shall neither require prior BSP approval nor registration: (i) guarantees to be issued by resident banks and non-bank financial institutions with quasi-banking functions; and (ii) guarantees to be issued by non-resident banks/financial institutions as well as other non-resident entities to secure peso loans/foreign currency loans of the private sector from banks operating in the Philippines and non-bank financial institutions with quasi-banking functions. However,

these guarantees should be reported to the BSP if the guarantee shall be serviced using the foreign exchange resources of AABs/AAB Forex Corps.

If the guarantee or similar arrangement may give rise to actual foreign obligation of residents to non-residents, it shall be: (i) registered with the BSP to allow servicing of payments related thereto using foreign exchange resources of AAB/AAB Forex Corps; and (ii) reported regularly to the BSP by the resident obligee until the contingent obligations are fully extinguished. The filing of applications for registration shall be made within six (6) months from the date of signing of the covering agreement but not later than fifteen (15) banking days from the target date of purchase of foreign exchange.

3. OUTWARD INVESTMENTS

Residents may invest in any instrument requiring settlement in foreign exchange without prior BSP approval where such investments are funded with (a) the investors' own foreign exchange deposited in their foreign currency deposit account/s (whether offshore or onshore); and/or (b) foreign exchange obtained from sources other than AABs/AAB forex corps.

Prior BSP approval is also not required for using foreign exchange resources of AAB/AAB Forex corporations for investments up to US\$60 million or its equivalent in other foreign currency per investor per year, or per fund per year. Resident investors may purchase foreign exchange in excess of the US\$60 million annual threshold without prior BSP approval, provided, that the investor shall submit to the BSP a notification at least fifteen (15) banking days after the determination that total foreign exchange requirements will exceed the threshold and present to the foreign exchange selling institution a copy of the notice duly received/acknowledged by the BSP.

4. OTHER TRANSACTIONS (TRADE AND NON-TRADE)

A. Trade

a. Import Trade Transactions

AABs/AAB Forex Corps may sell foreign exchange to residents without prior BSP approval to service payments for imports under any of the following arrangements (including those under netting arrangements):

- a. Letter of Credit (LC);
- b. Document Against Payment (DP);

- c. Document Against Acceptance (DA);
- d. Open Account (OA);
- e. Direct Remittance;
- f. Advance Payment;
- g. Digital Payment through E-Commerce market participants;
- h. Self-Funded/"No Dollar" Imports;
- i. Importations on a consignment basis.

The purchase of foreign exchange shall be subject to the submission of a duly accomplished *Application to Purchase FX*. Additional documents are required to be submitted if: (i) the foreign exchange sale exceeds US\$500,000 for individuals and US\$1,000,000 for corporations/other entities, or its equivalent in other foreign currency per client per day; or (ii) regardless of the amount, the foreign exchange shall be used to settle transactions involving netting arrangements and/or digital payments through e-commerce market participants.

b. Export Trade Transactions

Prior BSP approval shall not be required for payments for exports made under any of the following modes (including those under netting arrangements): LC, DP/Cash against Documents, DA, OA, consignment, export advances, and digital payment through e-commerce market participants. Payments for exports may be made in foreign exchange that are convertible with the BSP as indicated in the BSP Reference Exchange Rate. However, payments for the following may be made in Philippine Pesos: (i) exports to ASEAN countries; Provided, that the BSP shall not be asked to intervene in the clearing of any balances from this payments scheme; and (ii) gold sales to BSP which are considered as constructive exports.

B. Non-Trade

Residents may purchase foreign exchange from AAB/AAB Forex Corps without the need for prior BSP approval to cover non-trade transactions. These include payment for education, medical and travel expenses, and salaries of foreign expatriates. The purchase of foreign exchange shall be subject to the submission of a duly accomplished *Application to Purchase FX*. Additional documents are required to be submitted if the foreign exchange sale exceeds US\$500,000 for individuals and US\$1,000,000 for corporations/other entities, or its equivalent in other foreign currency per client per day.

References:

1. Manual of Regulations on Foreign Exchange Transactions (FX Manual)

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National Internal Revenue Code of the Philippines (Republic Act No. 8424)

As last amended by Republic Act No. 12066 or the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinigorating the Economy (CREATE MORE) Act

Stay on top of the latest tax reforms with Deloitte Philippines' **National Internal Revenue Code of the Philippines (Tax Code)**, reflecting recent legislations:

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III TAXATION

TAXATION

LEGAL LANDSCAPE

The Philippine government imposes two types of taxes: national and local tax.

National taxes or internal revenue taxes are governed by Republic Act No. 8424, otherwise known as the "National Internal Revenue Code," and its amendments (Tax Code). The Bureau of Internal Revenue (BIR), the country's taxing authority, issues circulars clarifying and interpreting the Tax Code and rules and regulations prescribing the guidelines for its implementation. On the other hand, local taxes are levied and collected by Local Government Units (LGUs), such as provinces, cities, municipalities, and barangays. The local taxes are imposed by ordinances passed by the relevant *Sanggunian* or council of the LGUs.

Internal Revenue Taxes

The Philippines requires all persons subject to any internal revenue tax to register with the BIR and obtain a taxpayer identification number (TIN). The BIR likewise requires taxpayers to register their books of account and secure authority to print invoices.

a. Income Tax

Resident citizens and domestic corporations are taxable on all income derived from sources within and outside the Philippines. On the other hand, non-resident citizens and foreign individuals and corporations, whether or not engaged in trade or business in the Philippines, are taxable only for all income sourced or derived within the Philippines.

Normal Income Tax Rate

The income tax rate in the Philippines depends on the classification of the taxpayer. The current income rates are as follows:

Income Recipient	Regular Income Tax
For Individuals	
Citizens and resident foreign individuals (<i>Nonresident aliens engaged in trade or business within the Philippines are generally subject to the same tax rate</i>)	A graduated tax rate of 0% (for annual income not exceeding P250,000) to 35% of taxable income
Non-resident foreign individuals not engaged in trade or business in the Philippines	25% of gross income
For Corporations	
Domestic corporations and resident foreign corporations	Generally, 25% of taxable income Except: 20% for (i) domestic corporations with net taxable income not exceeding Five Million pesos (P5,000,000) and total assets not exceeding One Hundred Million pesos (P100,000,000), excluding the land on which the particular business entity's office, plant, and equipment are situated, and (ii) registered business enterprises under the enhanced deductions regime on their taxable income derived from registered projects or activities.
Non-resident foreign corporations	25% of gross income

Branch Profits Remittance Tax

Profits of a Philippine branch, which are remitted to the head office, are generally subject to the branch profit remittance tax at the rate of fifteen percent (15%) of the total profits applied or earmarked for remittance without any deduction for the tax component thereof. The branch is required to withhold and remit the fifteen percent (15%) tax to the BIR.

Asset Sale Tax

The tax on the sale of shares of stock in a domestic corporation depends on whether the shares are listed or not. If listed and traded through the local stock exchange, the sale is subject to percentage tax at the rate of six-tenths of one percent (6/10 of 1%) of the gross selling price or gross value in money of the shares of stock. For shares not listed and traded through the local stock exchange, the sale is subject to capital gains tax (CGT) at the rate of fifteen percent (15%) of the net capital gains.

The sale of real property in the Philippines held as a capital asset is subject to CGT at the rate of six percent (6%) based on the gross selling price or the fair market value, whichever is higher. If the real property is held by the seller as an ordinary asset, income thereon shall be subject to regular income tax.

As a general rule, transfers and sales made under a reorganization, which include merger or consolidation, recapitalization, and reincorporation, are not subject to tax. However, the transaction should comply with certain conditions and requirements to avail of the tax exemption. These include, among others, recording the proper accounting entries in the books of the transacting parties and annotation of the substituted basis in the title of the transferred property.

Dividends Tax

Intercorporate dividends paid or distributed by a domestic corporation to another domestic corporation or resident foreign corporation are not subject to income tax. However, cash and/or property dividends paid by domestic corporations to non-resident foreign corporations are generally subject to a final withholding tax of twenty-five percent (25%) unless otherwise provided in a tax treaty. A final withholding tax of fifteen percent (15%) may be imposed on the cash and/or property dividends received from a domestic corporation by a non-resident foreign corporation, subject to the condition that the country in which the non-resident foreign corporation is domiciled shall allow a credit against the tax due from the nonresident foreign corporation taxes deemed to have been paid in the Philippines equivalent to fifteen percent (15%).

On the other hand, dividends from domestic corporations received by citizens and residents of the Philippines are subject to a final tax of ten percent (10%). Dividends are subject to twenty percent (20%) final tax if received by non-resident foreign individuals engaged in trade or business within the Philippines and twenty-five percent (25%) if the non-resident foreign individual is not engaged in trade or business in the Philippines.

b. Withholding Taxes

Registered taxpayers may be considered as withholding tax agents of the BIR for income received by certain payees. This includes withholding tax on compensation received by employees. The rate depends on the employee's taxable income and could reach a maximum of thirty-five percent (35%).

Other withholding taxes may be applicable depending on the nature of the transaction and the payee. Withholding tax rates vary from one percent (1%) to fifteen percent (15%) of the payment.

c. Value added tax (VAT)

Twelve percent (12%) VAT

VAT is generally imposed on the sale of goods and services, barter or exchange of goods or properties, as well as importation in the Philippines. Generally, VAT is twelve percent (12%) of the gross sales of the goods or properties sold or the sale or exchange of services, including the use or lease of properties. For imported goods, VAT is imposed on the total value used by the Bureau of Customs (BOC) in determining tariff and customs duties, plus customs duties, excise taxes, if any, and other charges, provided that where the customs duties are determined based on the quantity or volume of the goods, VAT is based on the landed cost plus excise taxes, if any.

A VAT taxpayer may use the VAT on its purchases (Input VAT) as a credit against its VAT on the sale of its goods and services (Output VAT).

However, if the taxpayer's gross annual sales from the sale or lease of goods or properties or the performance of service do not exceed P3,000,000.00 in a taxable year, such taxpayer may opt not to register as a VAT taxpayer and will be subject to percentage tax of three (3%) of its gross sales, instead of VAT.

Zero-rated VAT

Certain transactions are subject to zero percent (0%) VAT, in which case, the taxpayer is entitled to a refund of unused Input VAT paid on purchases related to the zero-rated transaction. Among others, zero-rated

VAT transactions include (i) sales of goods for export, (ii) sales of goods and services to export-oriented enterprises whose export sales are at least seventy percent (70%) of the total annual production, (iii) sale of services to persons engaged in international shipping or international air transport operations, (iv) sales to bonded manufacturing warehouses of export-oriented enterprises; (v) transport of passengers and cargo by domestic air or sea vessels from the Philippines to foreign country; and (vi) sale of power or fuel generated through renewable sources of energy.

VAT-Exempt

Sales may also be exempt from VAT. Input tax paid on local purchases attributable to VAT-exempt sales may be deducted by the seller from the gross income.

VAT-exempt transactions include, among others, (i) the sale or importation of agricultural and marine food products in their original state, (ii) the sale or importation of fertilizers, sale of drugs and medicines prescribed for diabetes, high cholesterol and hypertension, (iii) transfer of property under a reorganization plan, (iv) importation of fuel, goods and supplies used for international shipping or air transport operations, and (v) importation of goods directly attributable to the export activity of an export-oriented enterprise.

d. Tax Treaty

Generally, non-resident foreign corporations and individuals are subject to income tax at twenty-five percent (25%) of the gross income. However, certain income generated from the Philippines may be subject to preferential tax rates according to tax treaties entered by the Philippines with other tax jurisdictions, including agreements entered into with economies and administrative regions. Double taxation treaties usually cover income on business profits, royalties, dividends, and interest.

To avail of the preferential tax treaty rate, income payors from the Philippines may apply for a request for confirmation with the BIR. If, however, the income payor did not impose the preferential tax rate, the foreign recipient may process a tax treaty relief application to obtain a tax refund. The BIR shall issue a Certificate of Entitlement to Treaty Benefit (COEs) to confirm the application of the preferential tax rate or to approve the tax refund.

For recurring transactions, the BIR may issue a COE that contains a proviso stating that the same ruling shall apply to future or subsequent income payments to the same non-resident income payee/recipient, provided that the conditions set forth therein are present. This type of COE is intended for dividends, branch profit remittances, interest, royalties, income

from air and shipping transport, and other income such as guarantee fees or substitution fees.

LOCAL TAXES

Local Government Units (LGUs) in the Philippines are likewise granted authority to create their source of revenue by imposition of local taxes. The local taxes are distinct and separate from the national taxes collected by the BIR. Among others, LGUs impose business tax and real property tax within their jurisdictions.

a. Local Business Tax

Under the Local Government Code (LGC), municipalities and cities may impose a business tax on persons engaged in trade or commercial activity regularly as a means of livelihood or to profit. The type of business subject to local business tax and the rate thereof shall depend upon the local tax ordinance enacted by the concerned local *Sanggunian* or council. The local business tax, which generally accrues on the first day of January of each year, shall be computed as a certain percentage of gross sales of the preceding calendar year.

b. Real Property Tax

Real property tax is imposed by provinces, cities, or municipalities on real properties, such as land, buildings, machinery, and other improvements.

The maximum rate of real property tax that may be levied depends on the type of LGU. While a city or municipality may impose a real property tax not exceeding two percent (2%) of the assessed value of the real property, provinces may only impose a real property tax not exceeding one percent (1%) of the assessed value of the real property.

LGUs may grant a discount not exceeding twenty percent (20%) for the annual tax due for taxpayers who make advance payments of the real property tax.

References:

Republic Act (R.A.) No. 8424, otherwise known as the "National Internal Revenue Code," as amended by R.A. No. 10963 (TRAIN), R.A. No. 11256, R.A. No. 11346, R.A. No. 11467, R.A. No. 11534 (CREATE), R.A. No. 11976 (EOPT), and R.A. No. 12066 (CREATE MORE).
R.A. No. 7160, otherwise known as the "Local Government Code of 1991", as amended.



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IV GENERAL REPORTORIAL REQUIREMENTS

GENERAL REPORTORIAL REQUIREMENTS

1. SECURITIES AND EXCHANGE COMMISSION (SEC)

The SEC requires registered entities to file through the SEC Electronic Filing and Submission Tool (eFAST) the following reports within the specified filing period/deadline:

Registered Entity	Report	Filing Period/Deadline
I Domestic Stock/Non-Stock Corporations	General Information Sheet (GIS)	Annually within 30 calendar days from the date of actual annual stockholders' or members' meeting ¹
	Annual Audited Financial Statements (AAFS) stamped "received" by the Bureau of Internal Revenue or its authorized banks, for corporations with total assets or liabilities of at least Six Hundred Thousand Pesos (P600,000.00); or Annual Financial Statements (AFS), certified under oath by the corporation's treasurer or chief financial officer, for corporations, which do not meet the Six Hundred Thousand Pesos (P600,000.00) threshold	For corporations with fiscal years ending on 31 December (calendar year), the deadline shall be in accordance with the schedule released by the SEC based on the last numerical digit of their SEC registration numbers. For corporations with fiscal years ending on a date other than 31 December, within 120 calendar days from the end of their respective fiscal years.
II Branch Offices and Representative Offices of Stock/Non-Stock Foreign Corporations, Regional Operating Headquarters, Regional Headquarters of Multinational Companies	General Information Sheet (GIS)	Annually, within 30 calendar days from the anniversary date of the issuance of their respective SEC licenses

¹ Should a director or officer die, resign or in any manner cease to hold office, the corporation shall, within seven (7) days from knowledge thereof, report in writing such fact to the SEC pursuant to Section 49 of the Revised Corporation Code.

Registered Entity	Report	Filing Period/Deadline
	Annual Audited Financial Statements (AAFS) stamped "received" by the Bureau of Internal Revenue or its authorized banks, for: (a) Branch Offices/ Representative Offices of Stock Foreign Corporations with assigned capital in the equivalent amount of at least One Million Pesos (Php1,000,000.00), (b) Branch Offices/Representative Offices of Nonstock Foreign Corporation with total assets in the equivalent amount of at least One Million Pesos (Php1,000,000.00), (c) Regional Operating Headquarters of foreign corporations with total revenues in the equivalent amount of at least One Million Pesos (Php1,000,000.00); or Annual Financial Statements (AFS), certified under oath by the corporation's treasurer or chief financial officer, for corporations, which do not meet the above thresholds	For corporations with fiscal years ending on 31 December (calendar year), the deadline shall be in accordance with the schedule released by the SEC based on the last numerical digit of their SEC registration numbers. For corporations with fiscal years ending on a date other than 31 December, within 120 calendar days from the end of their respective fiscal years.
III One Person Corporations (OPC)	SEC Form for Appointment of Officers of One Person Corporations, in lieu of the GIS	Within 15 days from the date of issuance of the OPC's Certificate of Incorporation or within 5 days from when the change was reflected
	Annual Audited Financial Statements (AAFS) stamped "received" by the Bureau of Internal Revenue or its authorized banks, for corporations with total assets or liabilities of at least Six Hundred Thousand Pesos (P600,000.00); or Annual Financial Statements (AFS), certified under oath by the corporation's treasurer or chief financial officer, for corporations, which do not meet the Six Hundred Thousand Pesos (P600,000.00) threshold	For corporations with fiscal years ending on 31 December (calendar year), the deadline shall be in accordance with the schedule released by the SEC based on the last numerical digit of their SEC registration numbers. For corporations with fiscal years ending on a date other than 31 December, within 120 calendar days from the end of their respective fiscal years.

A registered entity may be required to submit additional reports if it has secondary or special licenses or permits.

Issuers of Securities are also required to file the following, among others:²

Annual Report	Within 105 calendar days from the end of the fiscal year
Quarterly Report which contains Interim Financial Statements and Interim Management's Discussion	Within 45 calendar days after the end of the quarter
Notice of Inability to File Annual Report and Quarterly Report	On or before the required due date of filing the Annual or Quarterly Report
Notice of suspension of filing of reports	First day of the fiscal year
Current Report which contains disclosure to the public of every material fact or event that occurs, would reasonably be expected to affect investor's decisions in relation to those securities.	Within five (5) calendar days after the occurrence of the event reported
Preliminary Information Statement	At least 10 business days prior to the date the definitive copies shall be sent/given
Definitive Information Statement	At least 15 business days prior to the meeting date
General Information Sheet	Within 30 calendar days following the date of stockholder's meeting per bylaws. If no meeting was held on that calendar year, on or before the 30th of January of the following year
Certificate of Attendance of Directors in meetings of the Board of Directors	On or before the 30th day of January of the following year
Certification by the Compliance Officer as to the extent of the company's compliance with its Manual on Corporate Governance	On or before the 30th day of January of the following year
Monthly Sales and Redemption Report which contains the amount and number of shares sold and redeemed, the percentage of retail and institutional investors, and the average NAV for the particular month.	Within 30 days from the effectivity of the order declaring effective the registration of the investment company. Then within 10 days after the end of each month
Audited Financial Statements	Within 120 calendar days after the end of the fiscal year or such period as may be prescribed by the Commission through a Memorandum Circular

² See <https://www.sec.gov.ph/investment-companies/reportorial-requirements/#gsc.tab=0>; Corporations that issue a class of securities which are listed on an exchange such as the Philippine Stock Exchange shall file with the Philippine Stock Exchange a copy of all the reports filed with the SEC.

2. BUREAU OF INTERNAL REVENUE (BIR)

Every corporation whose gross annual sales, earnings, receipts, or output exceed Three Million Pesos (Php3,000,000.00) shall have its books of accounts audited and examined yearly by an independent Certified Public Accountant and the income tax return must be accompanied by a duly accomplished Account Information Form which shall contain, among others, information lifted from certified balance sheets, profit and loss statements, schedules listing income-producing properties and the corresponding income therefrom and other relevant statements.

The filing of tax returns shall be done electronically in any of the available electronic platforms, such as the Electronic Filing and Payment System/eBIRForms, ePayment Channels of Authorized Agent Banks, and Authorized Tax Software Providers. In case of unavailability of the electronic platforms, manual filing of tax returns may be allowed.

The due date for tax returns depends on the nature of the tax and the taxpayer's registration. Income tax returns are generally filed annually, with deadlines based on the taxpayer's fiscal year or calendar year. However, certain taxes, such as value-added tax (VAT), percentage tax, and other business-related taxes, require quarterly or monthly filing.

3. ANTI-MONEY LAUNDERING COUNCIL (AMLC)

- Every covered person, as defined under the Anti-Money Laundering Act of 2001 (Republic Act No. 9160), as amended and under its Implementing Rules and Regulations, must submit the following reports within the time frame mandated by the AMLC:
 - a. All covered transactions must be reported within five(5) working days from occurrence unless the AMLC prescribes a longer period not exceeding fifteen(15) working days. The information system of the covered person must be capable of integrating with the AMLC system for automatic generation and sending of the covered transactions reports within the mandated time frame. The amount of the covered transaction would depend upon the nature of the business of the covered person, and
 - b. All suspicious transactions, including attempts thereof, must be promptly reported to the AMLC within the next working day from the "occurrence" thereof,

which shall be the date of establishment of suspicion or determination of the suspicious nature of the transaction. Reporting of a suspicious transaction should be in accordance with the existing Money Laundering/Terrorism Financing Prevention Program of the covered person.

Should a transaction be determined to be both a covered transaction and a suspicious transaction, it shall be reported by the corporation as a suspicious transaction. In this regard, it shall be reported first as a covered transaction, subject to updating if it is finally confirmed to be reportable as a suspicious transaction.

- Every covered person must also update its Money Laundering/Terrorism Financing Prevention Program at least once every two (2) years or whenever necessary to reflect changes in anti-money laundering/counter-terrorism financing obligations, money laundering/terrorist financing trends, detection techniques, and typologies.
- Covered persons registered with the AMLC Portal shall update their registration via the Optimization and Registration System ("ORS") every two (2) years. Covered persons shall likewise immediately update their online registration whenever there are changes in the profile of their Compliance Officer and their alternates, its address and contact details, or any material change in its registration.

References:

Revised Corporation Code
 SEC Memorandum Circular No. 7, Series of 2019
 SEC Memorandum Circular No. 15, Series of 2006
 National Internal Revenue Code of 1997, as amended
 Revenue Regulations No. 4-2024, Implementing Sections 22, 34, 51(A)(2)(e), 51(B), 51(D), 56(A)(1), 58(A), 58(C), 58(E), 77, 81, 90, 91, 103, 114, 128, 200 and 248 of the National Internal Revenue Code of 1997, as Amended by Republic Act No. 11976, Otherwise Known as the "Ease of Paying Taxes Act," on the Filing of Tax Returns and Payment of Taxes and Other Matters Affecting the Declaration of Taxable Income
 Implementing Rules and Regulations of Republic Act No. 9160, as amended
 SEC Memorandum Circular No. 2, Series of 2024
 AMLC Regulatory Issuance No. 01, Series of 2024, Guidelines on Compliance Optimization and Registration System



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V

LABOR AND EMPLOYMENT



LABOR AND EMPLOYMENT

a. GENERAL CONSIDERATIONS

Constitutional Guarantees

Sections 9 and 10 of Article II of the Philippine Constitution provide that “[t]he State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation, free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all,” and that “[t]he State shall promote social justice in all phases of national development.”

The Philippines has a Pro-Labor State policy

The State affirms labor as a primary social and economic force. It shall protect the rights of workers and promote their welfare.

Construction in Favor of Labor (Article 4, Labor Code)

All doubts in the implementation and interpretation of the provisions of the Labor Code, including its implementing rules and regulations, shall be resolved in favor of labor.

Constitutional Guarantees, Rights of Laborers

Enshrined in the Philippine Constitution are the Seven Cardinal Rights of Workers. These are:

- i. Self-organization
- ii. Collective Bargaining and Negotiations
- iii. Peaceful and concerted activities, including the right to strike in accordance with the law
- iv. Security of tenure
- v. Humane conditions of work
- vi. Living wage
- vii. Participation in policy and decision-making processes affects their rights and benefits as may be provided by law.

b. DEPARTMENT OF LABOR AND EMPLOYMENT

The Department of Labor and Employment (DOLE) is mandated as the primary policymaking, programming, coordinating, and administrative entity of the Executive Branch of the government in the field of labor and employment. The Department is responsible for promoting gainful employment opportunities, optimizing the development and utilization of labor, advancing workers’ welfare, and ensuring equal protection for the rights of all concerned parties.

c. TYPES OF EMPLOYMENT

A. Probationary Employment

A probationary employee is made to go on a trial period by an employer during which the employer determines whether or not he is qualified for permanent employment based on reasonable standards made known to him at the time of engagement. Probationary employment shall not exceed 6 months from the date the employee started working unless it is covered by an apprenticeship agreement stipulating a longer period or when the parties mutually agree to extend the original period. The services of an employee who has been engaged on a probationary basis may be terminated for a just cause or when he fails to qualify as a regular employee following reasonable standards made known by the employer to the employee at the time of his engagement. An employee who is allowed to work after a probationary period shall be considered a regular employee.

B. Regular Employment

A regular employee is engaged to perform activities that are necessary and desirable in the usual business or trade of the employer, as opposed to those that are undertaken for a specific project or are seasonal. There are two kinds of regular employees:

- i. Those who are engaged to perform activities which are necessary or desirable in the usual business or trade of the employer; and
- ii. Casual employees who have rendered at least 1 year of service, whether continuous or broken, for the activity in which they are employees

C. Project Employment

A project employee is hired to carry out a separate job, distinct from the other undertakings of the company, the scope and duration of which has been determined and made known to the employee at the time of employment.

D. Seasonal employment

A seasonal employee is one whose work or services to be performed are seasonal. The employment is for the duration of the season.

E. Fixed-term employment

A fixed-term employee is one whose duration of employment is agreed upon by the parties, which may be any day certain, which is understood to be “that which must necessarily come although it may not be known when.”

F. Casual employment

A casual employee is one engaged to perform a job, work, or service that is merely incidental to the business of the employer, and such job, work, or service is for a definite period made known to the employee at the time of engagement, provided, that any employee who has rendered at least one year of service, whether such service is continuous or not, shall be considered a regular employee to the activity in which he is employed and his employment shall continue while such activity exists.

d. LABOR STANDARDS OR TERMS AND CONDITIONS OF EMPLOYMENT

A. Wages

“No work, no pay” Principle

General Rule: The age-old rule governing the relation between labor and capital, or management and employee, is that a “fair day’s wage for a fair day’s labor.”
Exception: When the laborer was able, willing, and ready to work but was illegally locked out, suspended or dismissed, or otherwise illegally prevented from working.

“Equal Work for Equal Pay” Principle

Employees working in the Philippines, if they are performing similar functions and responsibilities under similar working conditions, should be paid equally. If an employer accords employees the same position and rank, the presumption is that these employees perform equal work.

Regulating Authority

The National Wages and Productivity Commission (NWPC), an attached agency of the DOLE, and the Regional Tripartite Wages and Productivity Boards (RTWPBs) in all regions of the Philippines are responsible for the regulation of wages in the country. Among their functions are to advise the President and Congress on matters relating to wages, incomes, and productivity, determine and fix minimum wage rates at the regional, provincial, and industry levels, undertake research and studies on wages and productivity, and formulate policies and guidelines on wages, incomes, and productivity.

Minimum Wage

The minimum wage is the basic cash wage without deduction of whatever benefits, supplements, or allowances the employees enjoy free of charge aside from the basic pay. The Regional Wage Orders prescribe the daily minimum wage rates per industry per locality within the region. It applies to all private sector workers and employees receiving the daily minimum wage rates regardless of their position, designation, or status of employment and irrespective of the method by which their wages are paid, subject to certain exemptions.

As per Wage Order No. NCR-25, effective 17 July 2024, covers the cities of Caloocan, Las Pinas, Makati, Malabon, Mandaluyong, Manila, Marikina, Muntinlupa, Paranaque, Pasay, Pasig, Quezon, San Juan, Taguig, Navotas, and Valenzuela, and Municipality of Pateros, below is the prescribed minimum wage:

Sector/Industry	Basic Wage	Basic Wage Increase	New Basic Wage
Non- Agriculture	P610.00	P35.00	P645.00
Agriculture (Plantation and Non plantation)	P573.00	P35.00	P608.00
Retail/ Service Establishments employing 15 workers or less			
Manufacturing Establishments regularly employ less than 10 workers			

In cases of violation or non-compliance with the prescribed increases or adjustments in the Wage Rates, any person, whether natural or juridical, shall be punished with a fine of not less than Php25,000.00 to not more than Php100,000.00 or imprisonment of not less than 2 years not more than 4 years, or both at the discretion of the court, without the benefit of probation. In case the violation is committed by a juridical person, the penalty of imprisonment shall be imposed upon the responsible officers.

Night Shift Differential

All employees are entitled to an additional compensation of 10% of an employee's regular wage for each hour of work performed between 10 pm and 6 pm.

Exceptions:

1. Retail and service establishments regularly employ not more than five (5) employees.
2. Managerial employees, or those whose primary duty consists of the management of the establishment in which they are employed or of a department or subdivision thereof, and to other officers or members of the managerial staff.
3. Field personnel and other employees whose time and performance are unsupervised by the employer, including those who are engaged on a task or contract basis or those who are paid a fixed amount for performing work, irrespective of the time consumed in the performance thereof.

13th Month Pay

All employers are required to pay all their rank-and-file employees a 13th month pay not later than December 24 of every year, provided they have worked for at least 1 month during a calendar year. The employer may also give the employee half of the 13th month's pay before the opening of the regular school year and half on or before 24 December of every year. The frequency of payment of this monetary benefit may be the subject of agreement between the employer and the recognized Collective Bargaining Agreement of the employees.

Exceptions:

1. Employers already pay their employees the "equivalent" of the 13th month's pay in a calendar year.
2. Employers of those who are paid on purely commission, boundary, or task basis and those who are paid a fixed amount for performing specific work, irrespective of the time consumed in the performance thereof (except those workers who are paid on a piece-rate basis, in which case their employer shall grant

them a 13th month pay).

"Equivalent" may refer to:

1. Christmas bonus, mid-year bonus, cash bonuses
2. Other payments amounting to not less than 1/12 of the basic salary (not including cash and stock dividends, cost of living allowance (COLA), and all other allowances regularly enjoyed by the employee as well as non-monetary benefits)

Computation:

1/12 of the total basic salary earned by an employee within a calendar year

Basic Salary shall include:

1. COLA integrated into the basic salary of a covered employee according to Executive Order No. 178
2. All remunerations or earnings paid by the employer for services rendered

Basic Salary does not include the cash equivalent of:

1. Unused vacation and sick leave credits
2. Overtime Premium
3. Night Shift Differential
4. Holiday Pay, and
5. COLA that is not integrated into the basic salary

B. Work Hours

General Rule: The normal hours of work of any employee shall not exceed eight (8) hours a day.

Compensable Work Hours

Rest Periods

Rest periods or coffee breaks running from five (5) to twenty (20) minutes shall be considered as compensable working time.

On Call

If the employee is required to remain on call in the employer's premises or so close thereto that he cannot use the time effectively and gainfully for his own purpose, he/she shall be considered as working while on call and, therefore, entitled to be compensated.

Travel Time

Travel that is all in the day's work- Travel of the employee from jobsite to jobsite must be counted as hours worked.

Travel way from home- Travel that keeps an employee away from home overnight is travel away from home. Travel away from home is worktime when it cuts across the employee's workday.

Travel from home to work- This is compensable only when the employee is called to travel during an emergency, done through conveyance furnished by the employer, travel is done under vexing and dangerous circumstances, or travel is done under the supervision and control of the employer.

Compressed Work Week (CWW)

Under the CWW scheme, the normal workday goes beyond 8 hours without the corresponding overtime premium. The total hours worked shall not exceed twelve (12) hours a day or forty-eight (48) hours a week, or else, the premium shall be paid.

Requirements:

4. The CWW scheme must be undertaken under an express and voluntary agreement of the majority of the covered employees or their duly authorized representatives.
5. In firms using substances, chemicals, noise, contaminants, or others where prolonged exposure may pose hazards to employees' health and safety, there must be a certification from an accredited health and safety organization or practitioner from the firm's safety committee that works beyond eight (8) hours is within the threshold limits or tolerable levels of exposure, as set in the OSHS.
6. The employer shall notify DOLE, through the Regional Office having jurisdiction over the workplace, of the adoption of the CWW scheme.

Overtime

Overtime compensation is additional pay for service or work rendered or performed more than eight (8) hours a day by employees or laborers covered by the 8-hour Labor Law.

Rules regarding Overtime:

1. Generally, no waiver of overtime pay is allowed.

Exception: Overtime pay may be waived in the following instances:

- (a) Compressed work week
- (b) In consideration of certain valuable privileges (i.e., tips during overtime)
2. An employer cannot compel an employee to work overtime except emergency overtime work as provided in Article 89 of the Labor Code.
3. Additional compensation is demandable only if the employer has the knowledge and consent to the overtime work rendered by the employee.

Exception: Express approval by a superior is NOT a requisite to make overtime compensable:

- (a) If the work performed is necessary, or it benefited the company, or
- (b) The employee could not abandon his work at the end of his 8-hour work because there was no substitute ready to take his place.

Note: The Supreme Court has also ruled that a claim for overtime pay is NOT justified in the absence of a written authority to render overtime after office hours during Sundays and holidays.

4. Compensation for work rendered more than the eight (8) normal working hours in a day.
 - (a) For ordinary days, an additional 25% of the basic hourly rate.
 - (b) For rest days/ special days/holidays, an additional 30% of the basic hourly rate.
5. A given day is considered an ordinary day unless it is a rest day.
6. Undertime does not offset overtime.

Calculation:

Overtime work on:	
Regular Day	125% x 100%
Rest Day	130% x 130%
Special Holiday	130% x 130%
Special Holiday on a Rest Day	130% x 150%
Regular Holiday	130% x 200%
Regular Holiday on a Rest Day	130% x 200% x 130%
Double Holiday	130% x 300%
Double Holiday on a Rest Day	130% x 300% x 130%

C. Holidays

Regular Holidays for 2025		
Date	Day	Event
January 01, 2025	Wednesday	New Year's Day
April 9, 2025	Wednesday	Araw ng Kagitingan
April 17, 2025	Thursday	Maundy Thursday
April 18, 2025	Friday	Good Friday
May 01, 2025	Thursday	Labor Day
June 12, 2025	Thursday	Independence Day
August 25, 2025	Monday	National Heroes' Day
November 30, 2025	Sunday	Bonifacio Day
December 25, 2025	Thursday	Christmas Day
December 30, 2025	Tuesday	Rizal Day
Dates to be announced on a separate Presidential Proclamation Eid'l Adha	Eid'l Fitr	
	Eid'l Adha	

Special (Non-Working) Holidays for 2025		
Date	Day	Event
January 29, 2025	Wednesday	Chinese New Year
April 19, 2025	Saturday	Black Saturday
August 21, 2025	Thursday	Ninoy Aquino Day
November 01, 2025	Saturday	All Saints' Day
December 8, 2025	Monday	Feast of the Immaculate Conception
December 31, 2024	Wednesday	Last day of the year
Those declared by law or ordinance (e.g., Makati Day for Makati City only)		Local Special Holidays

Calculation:

Worked Performed On	Formula (% multiplied by Regular Wage)
Regular Day	100%
Rest Day	130%
Special Holiday	130%
Special Holiday on a Rest Day	150%
Regular Holiday	200%
Regular Holiday on a Rest Day	200% x 130%
Double Holiday	300%
Double Holiday on a Rest Day	300% x 130%

D. Leaves

Service Incentive Leave (SIL)

Every employee who has rendered at least one (1) year of service shall be entitled to a yearly SIL of five (5) days with pay.

"1 year" means service for not less than twelve (12) months, continuous or broken, reckoned from the date the employee started working, including authorized absences and paid regular holidays unless the working days in the establishment as a matter of practice or policy, or that provided in the employment contract is less than twelve (12) months, in which case said period shall be considered as one year.

Maternity Leave

Every pregnant woman in the private sector, whether married or unmarried, is entitled to maternity leave benefits for every delivery of child. This applies to childbirth and miscarriage and is not included in the computation of the 13th month's pay as it is granted to an employee instead of wages, which is the basis for computing the 13th month. The availment of this benefit bars the recovery of sickness benefits provided by the Labor Code for the same period for which daily maternity benefits have been received.

Requisites:

- Employment:** A female employee employed at the time of delivery or miscarriage;
- Contribution:** Employee must have had at least three (3) monthly contributions in the 12 months immediately preceding the semester of her childbirth or miscarriage;
- Notice:** Employee notified the employer of her pregnancy and the probable date of her

childbirth, which notice shall be transmitted to the SSS following the rules and regulations it may provide; and

- Employer:** The employer shall advance the benefit to the employee. The SSS shall immediately reimburse the employer 100% of the amount upon receipt of satisfactory proof of such payment and legality thereof.

All covered female employees, regardless of the civil status or the legitimacy of their child, shall be granted one hundred five (105) days of maternity leave with full pay and an option to extend for an additional thirty (30) days without pay. If the female employee also qualifies as a solo parent, she shall be granted an additional fifteen (15) days maternity leave with full pay. In cases of miscarriage or early termination of pregnancy, sixty (60) days of maternity leave with full pay shall be granted.

Paternity Leave

Paternity leave is granted to all married male employees in the private and public sectors, regardless of their employment status (e.g., probationary, regular, contractual, project basis). The purpose of this benefit is to allow the husband to lend support to his wife during her period of recovery and/or in nursing her newborn child. The benefit is for seven (7) calendar days, with full pay, consisting of basic salary and mandatory allowances fixed by the Regional Wage Board and can be availed of before or during the delivery provided, that the total number of days shall not be more than seven (7) days for each covered delivery. An employee can avail of paternity leave for the first four (4) deliveries of the employee's wife with whom he is cohabiting.

Parental Leave for Solo Parents

Any solo parent or individual employee is entitled to a parental leave of not more than seven (7) working days every year, provided he/she has rendered at least six (6) months of service, whether continuous or broken and is left alone with the responsibility of parenthood due to the following causes:

- A parent who provides sole parental care and support of the child or children due to:
 - Birth of a child or children as a consequence of rape, even without a final conviction of the offender provided, that the mother has the sole parental custody, care and is the sole support of the child or children;
 - Death of his/her spouse;
 - Detention of his/her spouse for at least three (3) months or service of sentence for a criminal conviction;
 - Physical or mental incapacity of his/her spouse as certified by a public or private medical practitioner;

5. Legal separation or de facto separation from his/her spouse for at least six (6) months, and the solo parent is entrusted with the sole parental care and support of the child or children;
 6. Declaration of nullity or annulment of marriage as decreed by a court recognized by law, or due to divorce, subject to existing laws, and the solo parent is entrusted with the sole parental care and support of the child or children; or
 7. Abandonment by the spouse for at least six (6) months;
- (b) A spouse or any family member of an Overseas Filipino Worker (OFW), or the guardian of the child or children of an OFW, provided that the said OFW belongs to the low or semi-skilled worker category and is away from the Philippines for an uninterrupted period of twelve (12) months;
- (c) An unmarried mother or father who keeps and rears his/her child or children;
- (d) Any legal guardian, adoptive or foster parent who solely provides parental care and support to a child or children;
- (e) Any relative within the fourth (4th) civil degree of consanguinity or affinity of the parent or legal guardian whose death, disappearance, absence, or abandonment of the child or children, for at least six (6) months, led to the said relative assuming sole parental care and support of the child or children;
- (f) A pregnant woman who provides sole parental care and support to her unborn child or children.

Note: The employee must have notified the employer within a reasonable period and have presented a Solo Parent Identification Card from the DSWD.

Special Leave for Women Workers

A female employee's leave entitlement of two (2) months with full pay from her employer based on her gross monthly compensation following surgery caused by gynecological disorders, provided that she has rendered continuous aggregate employment service for at least six (6) months for the last twelve (12) months.

Special Leave for Victims of the Anti-Violence Against Women and Their Children Law (VAWC)

Women employees who are victims of VAWC are entitled to a leave of up to ten (10) days with full pay to cover the days that the female employee has to attend to medical and legal concerns. The leave is extendible, as specified in the protection order issued by the barangay or the court. The only requirement is for the employee to present to her employer a certification from the barangay chairman (Punong Barangay) or

barangay councilor (barangay kagawad) or prosecutor or the Clerk of Court, as the case may be, that an action relative to the matter is pending.

a. Retirement

Employees shall be retired upon reaching the age of sixty (60) years or more but not beyond sixty-five (65) years old and have served the establishment for at least five (5) years.

The minimum retirement pay shall be equivalent to one-half month's salary for every year of service. A fraction of at least six (6) months is considered as one (1) whole year.

In computing retirement pay, "one-half month salary" shall include (1) fifteen (15) days salary, (2) cash equivalent of five (5) days service incentive leave, and (3) one-twelfth of the thirteenth-month pay. Hence, "one-half month salary" is equivalent to 22.5 days.

e. TERMINATION OF EMPLOYMENT

A. By the Employer

Causes

Employers may choose to terminate their employees based on just or authorized causes.

Just Causes include serious misconduct or willful disobedience (insubordination), gross & habitual neglect of duties, loss of trust and confidence, commission of a crime, and analogous causes.

Authorized Causes include installation of labor-saving devices, retrenchment, redundancy, and closure of business. If the termination was due to labor-saving devices or redundancy, the employee shall be entitled to one (1) month's pay or at least one (1) month's pay for every year of service, whichever is higher. On the other hand, if the separation was due to retrenchment, closure, or suspension of operations, the employee shall receive one (1) month's pay, or at least ½ month's pay for every year of service, whichever is higher.

Procedure of termination

A valid dismissal requires compliance with substantive and procedural due process. Substantive due process means that the dismissal must be for a just or authorized cause, while procedural due process is observed when the employee is allowed to be heard and defend himself. Under this, employers must adhere to the following mandated procedure of termination:

For Just Causes of Termination:

1. Issuance of a Show Cause Notice or Notice to Explain

It outlines (a) specific causes or grounds for termination; (b) a detailed narration of the facts and circumstances that will serve as the basis for the charge; (c) specific rule and/or policy violated; and (d) period to submit a written explanation and/or reply which in the case shall be less than five (5) calendar days.

2. Submission of Letter Reply/Explanation

The employee must submit his/her letter reply or explanation within the time provided in the Show Cause Notice or Notice to Explain

3. Administrative Hearing or Conference

The employer must issue a Notice for Administrative Hearing or Conference. During the said Hearing or Conference, the employee shall be allowed to (a) explain and clarify his/her defenses to the charge, (b) present

evidence in support of said defenses; and (c) rebut the evidence presented against the employee.

4. Issuance of Final Notice of Termination

After a determination that dismissal is justified, the Employer shall serve a written Notice of Termination indicating that (a) all circumstances involving the charge against the employee have been considered and (b) grounds have been

established to justify the severance of employment. The effectivity date of the termination will be stated in the Notice.

Note: In the interim and before the final decision of the Employer regarding the charges against the employee, the Employer may, at its discretion, when the employee's continued employment poses a serious and imminent threat to the life or property of the Employer and/or its employees, issue a Preventive Suspension Order without pay for thirty (30) days only, unless the Employer decides to extend the same subject to payment of wages and other benefits due to the employee

For authorized causes of termination:

1. Service of a written Notice of Termination to the employee at least thirty (30) days before the effectivity of the termination specifying the grounds thereof.
2. Filing of a Termination Report with the Regional Office of the DOLE at least thirty (30) days before the effectivity of the termination
3. Payment of Separation Pay

Consequences for non-compliance with Procedural Due Process:

Situation	Validity of Dismissal	Liability of Employer
Just/ Authorized cause + Due Process	Valid	No liability. Separation pay only in an authorized cause.
No Just or Authorized Cause + Due Process	Invalid	Reinstatement or separation pay, if reinstatement is not possible, + full back wages.
No Just or Authorized Cause + No Due Process	Invalid	Reinstatement or separation pay, if reinstatement is not possible, + full back wages.
Just or Authorized Cause + No Due Process	Valid	Liable for damages due to procedural infirmity. Separation pay is for an authorized cause.

B. By the employee

Resignation

An employee may terminate his/her employment without just cause by serving a written notice on the employer at least one (1) month in advance. If no notice is received by the employer, the employee is liable for damages.

Termination for Cause

An employee may terminate his/her employment without serving any notice if the same is due to (1) serious insult to the honor and person of the employee, (2) inhuman and unbearable treatment, (3) commission of a crime against the employee or his/her immediate family and/or (4) other analogous causes.

f. RIGHT TO SELF ORGANIZATION

Self- organization is a fundamental right guaranteed by the Philippine Constitution and the Labor Code. Employees have the right to form, join, or assist labor organizations for collective bargaining or their mutual aid and protection. The following may unionize for purposes of collective bargaining: all employees, government employees of corporations created under the Corporation Code, supervisory employees, aliens with valid working permits and whose country grants the same rights to Filipinos, and security personnel. On the other hand, the following cannot form,

join, or assist labor organizations: managerial and confidential employees, non-employees, member-employee of a cooperative, employees of international organizations, high-level government employees, and members of the AFP, police officers, policemen, firemen, and jail guards.

g. SOCIAL BENEFITS/ LEGISLATIONS

Employers are mandated by law to provide the following types of insurance under the country's social welfare legislation: Social Security Legislation (SSS), Home Development Mutual Fund (HDMF)/ PAG-IBIG, and Philippine Health Insurance Corporation (PhilHealth).

SSS

SSS Coverage may be compulsory or voluntary. Employers are required to register their employees who are not over sixty(60)years of age. The exceptions to the coverage are employment that is purely casual and not for the occupation or business of the employer, service performed on or in connection with an alien vessel by an employee if he is employed when such vessel is outside the Philippines, and contractual employees with no employee-employer relationship with the agency they serve. Employers are required to be registered with the SSS from the 1st day of operation.

HDMF/ PAG-IBIG

All new employers shall first register with the Pag-ibig branch with jurisdiction over them before the start of their business operation. Employers shall submit to the Fund all data and information that may be required to their respective businesses and employees within thirty (30) days from the start of their business operations. In addition, said employers shall ensure that their newly hired employees are registered with the Fund within thirty (30) days from the start of their employment. In case of any change in the employer's name, the New DTI Registration/Amended DTI Registration or Articles of Incorporation/Amended Articles of Incorporation shall be presented.

PHILHEALTH

Employers must register their company with PhilHealth for them to be assigned a PhilHealth Employer Number (PEN). They must also register their employees with the said agency within thirty (30) days from assumption to office. In case of an employee's separation, the Employer must notify PhilHealth within thirty (30) calendar days from separation through an Employer's Remittance Report. Employers should also inform PhilHealth of any change in company data, such as address or business name, or in case of temporary/

permanent cessation of business operations.

h. FOREIGN EMPLOYEES

All foreign nationals who intend to engage in gainful employment in the Philippines are required to apply for an Alien Employment Permit (AEP) before the Regional Office of the Department of Labor and Employment (DOLE) having jurisdiction over their place of work assignment. The AEP is also required for (9G) work visa applications. (Please refer to the Immigration Chapter of this Guidebook for the Alien Work Visas.)

Corporations who intend to hire foreign national employees must first register with the DOLE to obtain an Establishment Registration Number ("ERN").

The requirements for obtaining an ERN are as follows:

- i. Company profile;
- ii. Certified True Copy of the Securities and Exchange Commission Registration with the Articles of Incorporation, By-Laws, and updated General Information Sheet of the corporation;
- iii. Certified True Copy of the corporation's Business or Mayor's Permit;
- iv. PEZA registration, if applicable;
- v. Approved Accreditation of authorized representative, if applicable, including the following:
 - a. Notarized Service Agreement;
 - b. Notarized Secretary's Certificate designating the authorized representative to process AEP applications;
 - c. Copy of corporate signatory/ representative's valid ID and contact details;
 - d. Secretary's Certificate authorizing the corporate representative to sign on behalf of the company;
 - e. Authorized representative's certificate of accreditation and accredited personnel's ID, as may be applicable
- vi. Copy of DOLE 1020 Registration

For AEP applications and renewals, as well as applications for Certificate of Exemption or Certificate of Exclusion, employers may either designate an authorized representative to transact with the concerned DOLE-Regional Office or engage a consultancy or law firm to transact for and on their behalf. In either case, the representative of the employers must be accredited by the DOLE-Regional Office, where their principal offices are located. Attendance in a seminar or orientation on AEP guidelines conducted by DOLE is a condition precedent to accreditation.

Prior to the AEP application, employers must conduct a labor market test (LMT) to ensure that there is no Filipino who is competent, able, and willing at the time of application to perform the services for which the foreign national desires to be hired.

For new applications, employers are required to publish the job vacancy in a newspaper of general circulation at least fifteen (15) calendar days before the application for AEP. Under the Department of Justice's Guidelines for Processing of Applications for the Issuance of Special Non-Immigrant Visas, the publication shall be valid and effective for forty-five (45) days from the date of publication in a newspaper of general circulation. The application must also be filed within ten (10) working days from the signing of the employment contract.

The documentary requirements for a new AEP application are as follows:

- i. Accomplished AEP Application Form
- ii. Original copy of notarized appointment or Contract of Employment
- iii. Notarized Board Secretary's Certificate on the election of Foreign National (Original or duplicate original is required), if applicable
- iv. Photocopy of passport bio page, latest arrival, and departure
- v. 2x2 ID picture with white background
- vi. Photocopy of Tax Identification Number from BIR of the foreign national applicant (BIR Form 1902, 1904, or 2316, Online TIN application through BIR e-registration system)
- vii. Certified True Copy of the Certificate of Business Name Registration in case of sole proprietorship from DTI or SEC Certificate of Registration, AOI and By-laws in case of corporation
- viii. Certified True Copy from the LGU of the corporation's latest valid business permit
- ix. Other documents (e.g., cover/ endorsement letter of application and authorization letter from company or alien)
- x. Affidavit consenting to the filing of AEP (Data Privacy)
- xi. Service Agreement of the authorized representative and the corporation
- xii. Affidavit of publication issued by the publisher
- xiii. News clipping containing the date of publication and name of the newspaper where it was published
- xiv. Duly notarized affidavit of company representative stating that no applications were received or no Filipino applicants were considered for the job
- xv. Latest General Information Sheet of the corporation

Fees

Application	Prescribed Fees
Application of AEP	Php10,000.00 for 1 year and an additional Php5,000.00 for every additional year
Renewal of AEP	Php5,000.00 for every additional year
Replacement Fee	Php 3,000.00
Processing and issuance of Certificate of Exclusion/ Exemption	Php2,000.00 per issuance of the applicable certificate

NOTE: The amount of fees may vary from time to time, subject to government regulations.

Processing Period of AEP

Applications for new AEP shall be processed and issued within five (5) working days after publication.

Employer's Quarterly Report

Employers must submit a quarterly report or an updated list of foreign nationals employed within thirty (30) days from the reference period, and a report on the change of employer's information such as name, address, or contact details.

Effect of Transfer and Change of Position

At any given time during its validity, only one (1) AEP shall be issued to a foreign national. Change of position shall require a new AEP application.

Validity of AEP

The AEP shall be valid for either one (1) year, two (2) years, or three (3) years.

Application	When to File
Renewal	Not earlier than sixty (60) days before its expiration The employer must submit within thirty (30) days after the date of election/ appointment a Secretary's Certificate stating such fact to the concerned DOLE-RO.
In case of travel outside the Philippines which will hinder the filing of renewal within the prescribed period	Before expiration supported by a duly notarized Secretary's Certificate stating such fact.
Expired AEPs	Processed as a new application
For officers whose appointment or election for a different position takes place before the expiration of AEP	Not later than fifteen (15) working days after appointment or before its expiration whichever is later.
For appointment or election after the expiration of the AEP	Secretary's Certification regarding the appointment or election must be submitted within fifteen (15) working days after the election or appointment.

Aliens Exempted from Securing AEP

The following categories of foreign nationals are exempted from securing an AEP and, in lieu thereof, must obtain a Certificate of Exemption.

1. Dependent spouse of any members of the diplomatic corps, provided there is an existing reciprocity agreement and/or exchange of notes between the Philippine government and their respective country of origin.
2. Accredited officials and personnel of international organizations with which the Philippine government has entered into an agreement and their dependent spouses desiring to work in the Philippines.

3. Foreign nationals who are officers, staff, and employees working in the embassy because of the extra-territoriality principle, which is one of the generally accepted principles in International Law.
4. Foreign nationals who are officers and staff of the peacekeeping or international organization, either deployed in the Philippines or invited by non-governmental organizations as accredited, endorsed, or certified by the appropriate government agencies, provided they will not engage in any gainful employment in the Philippines.
5. Foreign nationals who come to the Philippines to teach, present, and/or conduct research studies in universities and colleges as visiting, exchange, or adjunct professors under formal agreements between the universities or colleges in the Philippines and foreign universities or colleges or between the Philippine government and foreign government, subject to the rules of reciprocity.
6. Permanent resident foreign nationals and probationary or temporary resident visa holders under the Philippines' immigration law.
7. All foreign nationals are granted exemption by law.

Aliens Excluded from Securing AEP

The following categories of foreign nationals who are either providing or supplying services in the country but with employers located abroad or those without an employer-employee relationship with the Philippine-based entity shall secure a Certificate of Exclusion in lieu of AEP.

1. Members of the governing board who have voting rights only and do not intervene in the management of the corporation or the day-to-day operation of the enterprise.
2. President and Treasurer who are part-owner of the company.
3. Consultancy service providers who do not have employers in the Philippines.
4. Intra-corporate transferee employed by the foreign service supplier for at least one (1) year of continuous employment prior to deployment to a branch, subsidiary, affiliate, or representative office in the Philippines as a manager, an executive, or a specialist, as defined below following Trade Agreements:
 - a. Executive – a person who primarily directs the management of the organization, exercises wide latitude

in decision making and receives only general supervision or direction from higher level executives, the board of directors, or stockholders of business; an executive would not directly perform tasks related to the actual provision of the service or services of the organization.

- b. Manager – a person who primarily directs the organization/department/subdivision and exercises supervisory and control functions over other supervisory, managerial, or professional staff. This does not include first line supervisors unless the employees supervised are professionals and does not include employees who primarily perform tasks necessary for the provision of the service.
 - c. Specialist – a person within the organization who possesses knowledge at an advanced level of expertise essential to the establishment and/or possesses proprietary knowledge of the organization's service, research equipment, techniques, or management. This may include members of the licensed profession.
5. Contractual service supplier who is a manager, executive, or specialist employed by a foreign service supplier that has no commercial presence in the Philippines:
 - a. Who enters the Philippines temporarily to supply service under a contract between his/her employer and a service customer in the Philippines;
 - b. Must possess appropriate educational and professional qualifications; and
 - c. Must be employed by the foreign service supplier for at least one year before the supply of service to the Philippines.
 6. Authorized representatives of the accredited/ registered foreign principal/ employer who participate in all recruitment/ manning activities by the POEA within or outside of the latter's registered address or acknowledged additional office in the Philippines.

Processing and Issuance of Certificate of Exemption or Exclusion

All foreign nationals exempted or excluded from securing an AEP shall secure a Certificate of Exemption or Exclusion from the DOLE Regional Office having jurisdiction over their place of work

assignment. The Regional Office shall issue said Certificate within three working days after receipt of the complete documentary requirements and payment of fees.

i. OTHER LABOR CONCERNS

Non-diminution of benefits

General Rule: There is a prohibition against the elimination or diminution of benefits (Art. 100, Labor Code) No wage order issued by any regional board shall provide for wage rates lower than the statutory minimum wage rates prescribed by Congress. (Art. 127, Labor Code, as amended by RA No. 6727, June 9, 1989)

Sexual Harassment in the Workplace:

Employment or work-related sexual harassment occurs when the sexual favor is made as a condition for:

- hiring or in the employment, re-employment, or continued employment of said individual or
- granting said individual favorable compensation, terms, conditions, promotions, or privileges, or
- not limiting, segregating, or classifying the employee which in any way would discriminate, deprive, or diminish employment opportunities or otherwise adversely affect said employee;

The above acts would either:

1. Impair the employee's rights or privileges under existing labor laws or
2. Result in an intimidating, hostile, or offensive environment for the employee.

Persons who may be liable:

1. Any employer, employee, manager, supervisor, agent of the employer, or any other person, regardless of whether the demand, request for the requirement for submission is accepted by the object of the said act having authority, influence, or moral ascendancy over another in a work or training or education environment, who demands, requests or otherwise requires any sexual favor from another;
2. Any person who directs or induces another to commit any act of sexual harassment as herein defined or
3. Any person who cooperates in the commission by another without which it would not have been committed shall also be held liable under the law.

Gender-Based Sexual Harassment in the Workplace.
The crime of gender-based sexual harassment in the workplace includes the following:

1. An act or series of acts involving any unwelcome sexual advances, requests or demand for sexual favors or any act of sexual nature, whether done verbally, physically, or through the use of technology such as text messaging or electronic mail or through any other forms of information and communication systems, that has or could have a detrimental effect on the conditions of an individual's employment or education, job performance or opportunities;
2. A conduct of a sexual nature and other conduct based on sex affecting the dignity of a person, which is unwelcome, unreasonable, and offensive to the recipient, whether done verbally, physically, or through the use of technology such as text messaging or electronic mail or through any other forms of information and communication systems;
3. A conduct that is unwelcome and pervasive and creates an intimidating, hostile, or humiliating environment for the recipient.

The crime of gender-based sexual harassment may also be committed between peers and those committed to a superior officer by a subordinate, to a teacher by a student, or to a trainer by a trainee.

Workplace Safety

The DOLE has promulgated a set of rules known as the Occupational Safety and Health Standards

(OSH), the primary objective of which is to protect every workingman against the dangers of injury, sickness, or death through safe and healthful working conditions, thereby assuring the conservation of valuable manpower resources and the prevention of loss or damage to lives and properties, consistent with national development goals and with the State's commitment for the total development of every worker as a complete human being.

As an initial step in complying with these rules, in every place of employment, a health and safety committee shall be organized for new establishments within 1 month from the date the business starts operating. The Committee shall reorganize every January of the following year.

Anti-Age Discrimination Act

This Act covers all employers, publishers, labor contractors or subcontractors, and labor organizations, whether or not registered. As stated in the law, it is the policy of the State to:

1. Promote employment of individuals based on their abilities, knowledge, skills, and qualifications rather than their age.
2. Prohibit arbitrary age limitations in employment.
3. Promote the rights of all employees and workers, regardless of age, to be treated equally in terms of compensation, benefits, promotion, training, and other employment opportunities.

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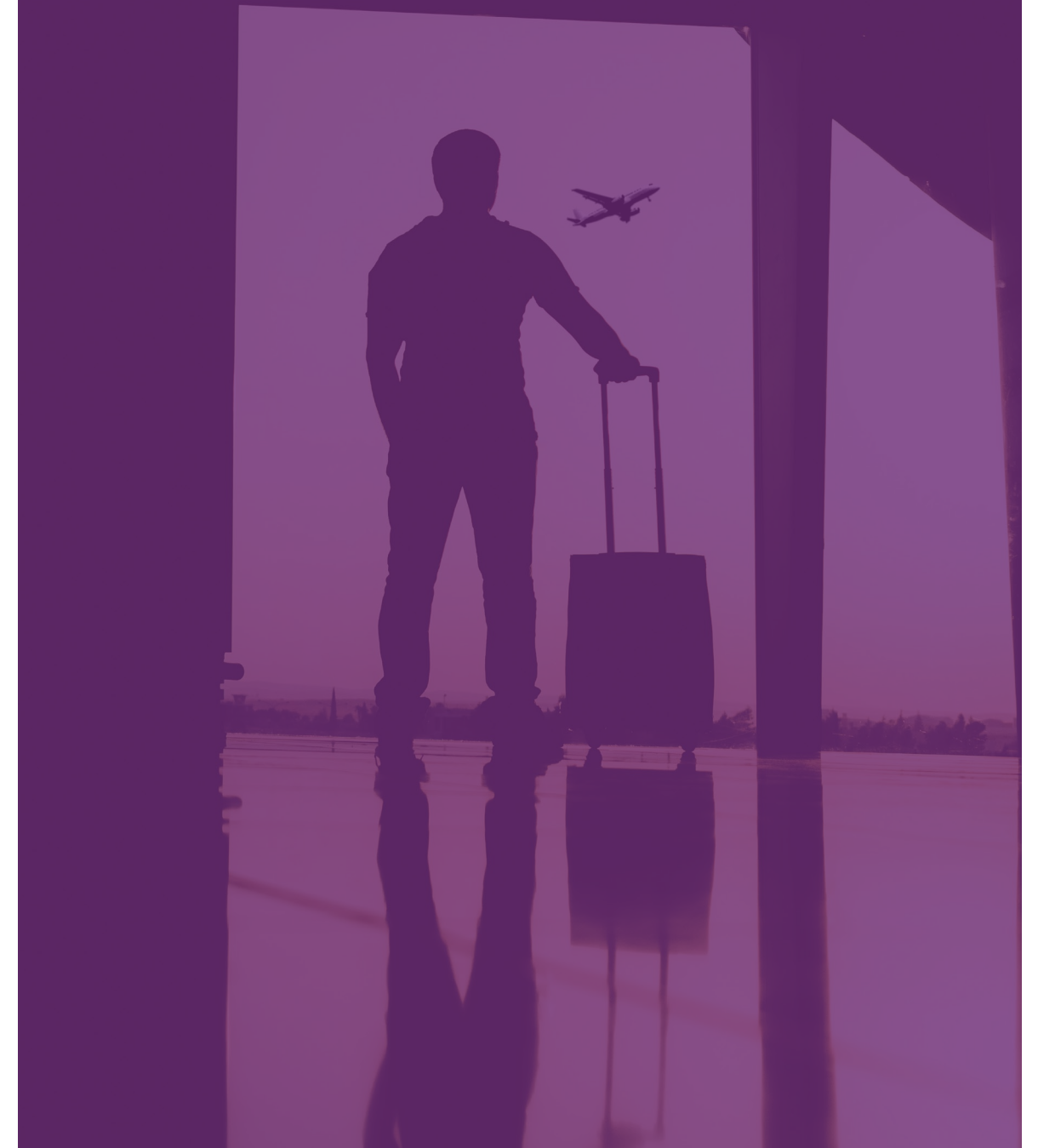
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VI IMMIGRATION VISAS AND NATURALIZATION



IMMIGRATION VISAS AND NATURALIZATION

VISA CATEGORIES (FOR BUSINESS)

1. 9(d) Treaty Trader or Treaty Investor

A foreign investor shall be entitled to enter the Philippines as a “treaty trader” should he or she be a citizen of a country that has an agreement with the Philippines for the admission of treaty traders or investors. To date, the Philippines has existing agreements with the following countries: (1) the United States of America, (2) Japan, or (3) Germany.

a. Qualifications

A foreign national of the USA, Japan, or Germany who is entering the Philippines solely to carry on trade or commerce pursuant to an existing treaty of commerce and navigation OR a foreigner who seeks admission to develop and direct the operations of an enterprise in the Philippines.

An employee who shall apply under a 9D visa must have the same nationality as the petitioning company and must be a supervisor or executive in the said company. “Substantial trade” must likewise be proven, which is evidenced by the volume of business conduct and an investment of at least US\$120,000.00.

b. Benefits

- Valid entry in the Philippines for a period of one year, subject to extension upon application
- Visa may be extended to the foreigner’s spouse and unmarried children below 21 years of age.

2. 9(g) Pre-arranged Employment Visa (Commercial Visa)

This work visa allows employers/proprietors in the Philippines to employ foreign nationals with skills, qualifications, and experience that may be in short supply in the Philippines.

a. Qualifications

- Foreign nationals who are proceeding to the Philippines to engage in any lawful occupation, whether for wages, salary, or other forms of compensation.
- A foreign national applying for a pre-arranged employee visa must make sure that he/she has been hired by a Philippine-based company that will be applying for his/her pre-arranged employee visa as his/her petitioner.

b. Benefits

- Valid stay in the Philippines based on the

duration of the employment contract. Grantee may have an initial period of one (1), two (2), or three (3) years validity on his/her 9(g) visa. The said visa may likewise be extended or renewed for another one (1), two (2), or three (3) years, depending on the employment contract.

- Visa may be extended to the foreigner’s spouse and unmarried children below 21 years of age.

3. Special Non-Immigrant Visa (47(a)(2) Visa)

The 47(a)2 visa is a special category of working visa under the oversight of the Department of Justice.

a. Qualifications

Unless expressly excluded from entering the Philippines under Section 29 of CA no. 613, as amended, foreign nationals falling under the following categories may be issued for 47(a)(2) visas:

- Those employed as executives, supervisors, specialists, consultants, contractors, or personal staff at enterprises registered with the Board of Investments or
- Those employed in enterprises that have existing agreement/s with the government, or any subdivision, agency, or instrumentality thereof, including government-owned or controlled corporations or their subsidiaries, for the completion of a project.

b. Benefits

- Valid entry in the Philippines for an authorized period, subject to extension thereof by complying with the applicable documentary requirements; and
- Visa may be extended to the dependent spouse and/or unmarried minor child/children of the foreign national, including those children born during the period of the latter’s authorized stay.

4. Philippine Economic Zone Visa (PEZA) visa

The work visa for PEZA was previously under the aforementioned 47(a)(2) visa category. However, under Bureau of Immigration Operations Order No. JHM-2021-010, the PEZA visa was officially established, taking this out of the 47(a)(2) visa category.

a. Qualifications

- The employment of the foreign national is required in the operations of the company.
- The foreign national has no derogatory record nor pending case against him in his domicile (i.e., country of citizenship), in the Philippines, or any other country where the said foreign national has resided for the past 5 years.
- The enterprise shall undertake an Understudy Program for training Filipino workers to effect the transfer of appropriate technology on aspects of its operations for which the foreign national is being proposed for employment.

b. Benefits

- Valid entry in the Philippines for 2 years and shall be subject to renewal depending upon the need of the PEZA-registered enterprise as determined by the PEZA.
- Visa may be extended to the dependent spouse and/or unmarried minor child/children below 21 years of age.

5. Special Investor’s Resident Visa (SIRV) under Executive Order 226 or the Omnibus Investment Code of 1987

The Special Investor’s Resident Visa (SIRV) entitles the holder to reside in the Philippines for an indefinite period as long as the required qualifications and investments are maintained.

c. Qualifications

Any alien, except for restricted nationals, at least twenty-one (21) years of age, who meets the following qualifications:

- He has not been convicted of a crime involving moral turpitude;
- He is not afflicted with any loathsome, dangerous, or contagious disease;
- He has not been institutionalized for any mental disorder or disability, and
- He is willing and able to invest the amount of at least US\$75,000.00.

d. Benefits

- Right to reside in the Philippines for an indefinite period;
- Multiple entry privileges;
- Exemption from the Exit Clearance and Re-Entry requirements of the Bureau of Immigration (BI), Alien Certificate of Registration, and
- The applicant’s spouse and unmarried children under twenty-one (21) years of age may also be issued the same visa.

6. Special Resident Retiree’s Visa (SRRV)

The Philippine Retirement Authority (PRA) is the government-owned controlled entity tasked with enticing foreign nationals and former Filipino citizens to consider the Philippines as their secondary residence or retirement locale.

The primary offering of PRA is the Special Resident Retiree’s Visa (SRRV), a nonimmigrant visa permitting numerous entries and an indefinite duration of residence in the Philippines.

1. SRRV Classic

a. Qualifications

- i. Active/healthy principal retirees aged at least 50 years old who would opt to use their visa deposit to purchase condominium units or use it for the

long-term lease of a house and lot

- ii. The visa deposit is as follows:
 - o US\$ 20,000.00 – applicants aged 50 years old and above without pension; or
 - o US\$ 10,000.00 – applicants aged 50 years old and above and currently receiving pension: at least US\$ 800.00/month for single applicants and US\$ 1,000.00/month for applicants with dependents.

b. Benefits

- i. Option to Retire Permanently in the Philippines
- ii. Multiple Entry Privileges
- iii. Exemptions from:
 - i. Income tax over pension and annuities;
 - ii. Exit and re-entry permits of the Bureau of Immigration;
 - iii. Annual registration requirement of the Bureau of Immigration;
 - iv. Customs Duties and Taxes about the importation of household goods and personal effects up to US\$7,000.00;
 - v. Travel tax if stay in the Philippines is less than one year from the last entry date;
 - vi. ACR I-Card; and
 - vii. Study Permit or Student’s Visa for dependent children intending to study in the Philippines.

- viii. Assistance of the PRA to obtain basic documents from other government agencies, including but not limited to:
 - i. Alien Employment Permit;
 - ii. Driver’s License and motor vehicle registration;
 - iii. Philippine Tax Exemption/Extension Certificate;
 - iv. Tax Identification Number; and
 - v. NBI Clearance
- ix. Use of foreign health cards in accredited Philippine hospitals or clinics

2. SRRV COURTESY

c. Qualifications

- i. Active/healthy principal retirees 50 years old and above who are former Filipino citizens or foreigners who served in the Philippines as ambassadors and high-level diplomats
- ii. Deposit of at least US\$1,500.00 in any of the designated banks (non-convertible to long-term lease investment or condominium purchase) of the Philippine Retirement Authority (“PRA”).

d. Benefits

- i. Option to Retire Permanently in the Philippines
- ii. Multiple Entry Privileges
- iii. Exemptions from:
 - i. Income tax over pension and annuities;
 - ii. Exit and re-entry permits of the Bureau

- iii. of Immigration; Annual registration requirement of the Bureau of Immigration;
 - iv. Customs Duties and Taxes about the importation of household goods and personal effects up to US\$7,000.00;
 - v. Travel tax if stay in the Philippines is less than one year from the last entry date;
 - vi. Alien Certificate of Registration Identity Card (“ACR I-Card”); and
 - vii. Study Permit or Student’s Visa for dependent children intending to study in the Philippines.
- iv. Assistance of the PRA to obtain basic documents from other government agencies, including but not limited to:
- i. Alien Employment Permit;
 - ii. Driver’s License and motor vehicle registration;
 - iii. Philippine Tax Exemption/Extension Certificate;
 - iv. Tax Identification Number; and
 - v. National Bureau of Investigation (“NBI”) Clearance.
- v. Use of foreign health cards in accredited Philippine hospitals or clinics

3. SRRV EXPANDED COURTESY

a. Qualifications

- i. Active/healthy principal retirees of former Filipinos or foreigners from whom the Philippines have diplomatic relations and served as the following in the Philippines:
 - Retired ambassadors & other members of the diplomatic corps, even if they have not rendered diplomatic service in the Philippines
 - Retiree of United Nations, World Bank Organizations & International Monetary Fund.
 - Honorary consuls who have served in Philippine diplomatic posts
 - Recipients of the Nobel Prize, Ramon Magsaysay, and other prestigious awards, including Oscars, Emmys, Pulitzers, various Halls of Fames
 - Scientists, physicists, and top-rated engineers
 - Professors of U. S., European, Australian, Canadian, and Japanese universities
 - Retired military personnel who have provided military aid and training to the Philippine Government via a defense treat or any other similar agreement
 - High achievers in sports, arts, and business
 - Peace Corps Volunteers and other similar organizations
 - Retired Officers and staff of USAID, AusAID, and other similar assistance organizations.
 - Retired Officers and staff of JETRO, KOICA, MITI, and other similar trade and investment organizations
 - International philanthropists
 - Foreign Nationals previously worked with

internationally recognized Philippine jurisdictions, i.e., our embassies, consular offices, and other government offices.

- ii. The visa deposit is as follows:
 - US\$ 1,500.00 – applicants aged 50 years old and above and currently receiving a pension of at least US\$ 1,000.00/month for a single applicant in any of the designated banks (non-convertible to long-term lease investment or condominium purchase) of Philippine Retirement Authority (“PRA”).
- iii. Comply with all the documentary requirements, visa deposits, fees, and other conditions under the SRRV Courtesy program, including certification by the concerned entity/organization of the position occupied/held by the applicant.

b. Benefits

This covers the same benefit as SRRV Courtesy.

7. Special Visa for Employment Generation (“SVEG”)

This is available to a non-immigrant foreigner who employs a minimum of ten (10) Filipinos in a sustainable and lawful industry, trade, or enterprise. The visa is founded on public interest, particularly on an aspect of employment generation for Filipinos.

a. Qualifications

- Non-immigrant foreigners who wish to avail of the SVEG should comply with all the following conditions:
- The foreigner shall actually, directly or exclusively engage in a viable and sustainable commercial investment/enterprise in the Philippines, exercise / perform management acts, or have the authority to hire, promote, and dismiss employees;
 - The foreigner’s commercial investment/enterprise must provide actual employment to at least ten (10) Filipinos following Philippine labor laws and other applicable special laws;
 - In case of rehabilitation, his/her investment intended for the rehabilitation of a business activity, investment, enterprise, or industry enabled the retention of at least ten (10) Filipino workers or employees regularly, and without said investment, existing workers or employees would suffer loss of employment;
 - Applicant should comply with all other requirements provided by the Bureau of Immigration (i.e., SEC Registration, GIS, Mayor’s Permit, Secretary Certificate attesting bona fide employee, and AEP card, if applicable);
 - He evinces a genuine intention to indefinitely remain in the Philippines and
 - He is not a risk to national security.

The above-mentioned requirements must be satisfied continually by the foreigner for him/her to be eligible as a holder of the SVEG.

b. Benefits

- Multiple-entry privileges;
- On conditional extended stay, without the need for prior departure from the Philippines;
- Exemption from payment of exit clearance certificate and special return certificate; and
- Shall be issued a one (1) year probationary SVEG, which could be amended to an indefinite stay
 - Privileges extend to the qualified foreigner, his/ her spouse, and dependent unmarried child/children below eighteen (18) years of age, whether legitimate, illegitimate, or adopted.

8. Special Investor’s Resident Visa under EO 63 or the Law Granting Incentives to Foreign Investment in Tourist-Related Projects and Tourist Establishments and for Other Purposes

This visa is given as an incentive and part of the enhancement of international tourism through the acquisition or operation of tourist establishments and tourist-related projects in our country and by the infusion of capital therein by foreign investors.

a. Qualifications

A foreign investor may be issued a Special Investor’s Resident Visa (SIRV) if he can prove the following qualifications:

- i. Not been convicted of a crime involving moral turpitude;
- ii. Not afflicted with AIDS or any loathsome, dangerous, or contagious disease;
- iii. Not been institutionalized for any mental disorder or disability;
- iv. Investors visit the country at least twice a year and stay in the country at least seven (7) days for each visit, and
- v. He is willing and able to invest at least US\$50,000 in a tourism-related project. In the case of a foreign corporation that is willing to invest the amount of at least US\$50,000.00 in a tourist-related project, the SIRV may be issued to the corporation’s Chief Executive Officer.

b. Benefits

- The wife and unmarried minor children of the foreign investor may also be issued the same visa, subject to the qualifications under items (i) to (iii);
- The investor, his wife, and unmarried minor children shall be permitted to enter and reside in the Philippines as special investor residents for as long as the investment subsists;
- Multiple entry in the Philippines without further documentary requirements other than valid passports or other travel documents like passports; and
- Exempt from payment of alien immigration

and registration fees and from securing alien certificates of registration.

9. Special Visas Issued by Economic Zones

1. Special Subic-Clark Special Investor’s Visa

This is a special type of visa granted by the Subic Bay Metropolitan Authority (SBMA) to any foreign investor in the Subic Bay Freeport (SBF).

a. Qualifications

Any foreign investor who has made an investment of not less than US\$250,000.00 within the Subic Bay Freeport (SBF) or Clark Special Economic Zone

b. Benefits

- Special multiple entry privileges;
- May reside in the Philippines for as long as his investment subsists and
- Exemptions from exit clearance certificates, re-entry permits, and special return certificates.

2. Special Subic-Clark Working Visa

This is a special type of visa granted by the SBMA to any foreign worker in the SBF.

a. Qualification

A foreigner who is gainfully employed within the Subic or Clark Special Economic Zones and a holder of an Alien Employment Permit.

b. Benefits

- Special multiple entry privileges;
- Exemptions from exit clearance certificates, re-entry permits, and special return certificates;
- Grants a temporary residence status in the Philippines; and
- It is valid for two (2) years and extendible every two (2) years. It is coterminous with the employment contract or the Alien Employment Permit, whichever validity is shorter.

3. Subic Bay Freeport Residency Visas for Retirees

This is a special type of visa granted by the SBMA to any foreign retirees in the SBF for residency purposes.

a. Qualifications

- Over 60 years old;
- Good moral character;
- No previous conviction of a crime involving moral turpitude;
- No longer employed or self-employed, or those who have worked for compensation fewer than 750 hours during the year preceding the application; and
- Receiving pension or passive income payable in Subic Bay Freeport in an amount more than US \$50,000 per year.
- Resides in Subic Bay Freeport

- b. *Benefits*
- Expedited visa processing by Clark Development Corporation;
 - Tax & duty-free importation of supplies, raw materials, and equipment;
 - Tax-free and duty-free exportation of finished goods; and
 - Exemption from value-added tax, local tax, and national tax.
 - Spouses and children may also apply for this visa of retiree, provided they all have not received any work or compensation without the approval of SBMA.

4. *Aurora Special Economic Zone SIRV (RA 9490)*

This investor visa is awarded to individuals who invest in the Aurora Special Economic Zone.

a. *Qualifications*

Any foreign national who invests an amount of \$150,000.00 in the Aurora Special Economic Zone, either in cash, bonds, stock, capital investment, money market bank deposit, and/or equipment, in a registered enterprise shall be entitled to an investor's visa, provided that the investor is:

- At least eighteen (18) years of age;
- Not been convicted of a crime involving moral turpitude;
- Not afflicted with any loathsome, dangerous, or contagious disease; and
- Not been institutionalized for any mental disorder or disability.

b. *Benefits*

- Permanent resident status within Aurora Special Economic Zone while his investment subsists;
- Freedom of ingress and egress to and from the Aurora Special Economic Zone without any need for special authorization from the Bureau of Immigration and
- The visa may extend to his/her spouse and dependent children under twenty-one (21) years of age.

5. *Cagayan Special Economic Zone SIRV (RA 7922)*

This investor visa is awarded to individuals who invest in the Cagayan Special Economic Zone.

a. *Qualifications*

Any foreign investor who establishes a business enterprise within the Cagayan Special Economic Zone and who maintains capital investment of not less than One hundred fifty thousand United States dollars (US\$150,000).

b. *Benefits*

- Permanent resident status within the Cagayan Special Economic Zone (CSEZFP) while his

investment subsists;

- Freedom of ingress and egress to and from the CSEZFP without any need for special authorization from the Bureau of Immigration;
- free articles and merchandise may be imported, retailed, consumed, or re-exported subject to limitations as may be determined by CEZA and
- The visa may extend to his/her spouse and dependent children under twenty-one (21) years of age.

6. *Freeport Area of Bataan SIRV (RA 9728)*

This investor visa is awarded to individuals who invest in the Freeport Area of Bataan.

a. *Qualifications*

Any foreign national who invests an amount of One hundred fifty thousand US dollars (US\$150,000.00), either in cash and/or equipment, in a registered enterprise in the Freeport Area of Bataan shall be entitled to an investor's visa, Provided that he has the following qualifications:

- He is at least eighteen (18) years of age;
- He has not been convicted of a crime involving moral turpitude;
- He is not afflicted with any loathsome, dangerous, or contagious disease; and
- He has not been institutionalized for any mental disorder or disability.

b. *Benefits*

- Permanent resident status within the Freeport Area of Bataan while his investment subsists;
- Tax and duty-free importations of raw materials, capital, and equipment to registered enterprise; and
- This privilege may extend to the investor's spouse and dependent children under 21 years of age.

7. *Zamboanga City Special Economic Zone SIRV (RA 7903)*

e. *Qualifications*

Any foreign investor who establishes a business enterprise within the ZAMBOECOZONE and who maintains capital investment of not less than One Hundred Fifty Thousand United States Dollars (US\$150,000).

b. *Benefits*

- Permanent resident status within the ZAMBO ECOZONE while his investment subsists; and
- This privilege may extend to the investor's spouse and dependent children under 21 years of age.

NOTE: *Working visas are also issued in each economic zone, renewable every two (2) years, to*

foreign executives and foreign technicians with highly specialized skills that no Filipino possesses, as certified by the Department of Labor and Employment.

References:

- Commonwealth Act No. 613 (1940)
- Department of Justice Circular No. 48 (2010)
- Bureau of Immigration Operations Order No. JHM-2021-010 (2021)
- Executive Order No. 226 (1987)
- Letter of Instructions No. 1470, dated July 4, 1985
- PRA Circular No. 012, Series of 2013
- Executive Order No. 758 (2008)
- Executive Order No. 63 (1986)
- Subic and Clark Special Economic Zone under Republic Act 7227 or the Bases Conversion and Development Act of 1992.
- Implementing Rules and Regulations of Republic Act 7227
- Republic Act 9490 or Aurora Special Economic Zone Act of 2007
- Republic Act 7922 or Cagayan Special Economic Zone Act Of 1995
- Republic Act 9728 or Freeport Area of Bataan (FAB) Act of 2009
- Republic Act 7903 or Zamboanga City Special Economic Zone Act of 1995

NATURALIZATION

A foreign national may acquire Filipino citizenship by way of administrative, judicial, and legislative naturalization.

1. Administrative naturalization¹

a) *Qualifications:*

The petitioner must be a foreigner who was born, who studied and has resided in the Philippines since birth and must be at least 18 years old at the time of filing the petition.

The verified petition is filed with the Office of the Special Committee on Naturalization (SCN) at the Office of the Solicitor General and will be published once a week for three consecutive weeks in a newspaper of general circulation. The SCN may approve or deny the petition.

b) *Benefit:*

Once approved, the foreign applicant will become a naturalized citizen of the Philippines.

2. Judicial naturalization²

a) *Qualifications:*

- The petitioner must be at least 21 years old on the day of the hearing of the petition, not on the day of filing of the petition.
- must have been legally admitted into the country either as an immigrant or non-immigrant
- must have resided in the Philippines for a continuous period of not less than 10 years. The period of residence is only 5 years if the applicant a) honorably held office under the Government of the Philippines; b) established a new industry or introduced a useful invention in the Philippines; c) is married to a Filipino woman; d) engaged as a teacher in the Philippines or e) was born in the Philippines.
- Must have conducted himself in a proper and irreproachable manner in his relationship with the government and the community in which he resided during his period of residence.
- Must also be of good moral character and must believe in the principles of the Philippine Constitution. -must adhere to the State Principles and policies enunciated in Art 2 of the 1987 Constitution.
- Must show financial capacity such that the applicant must own real estate in the

¹ Under Republic Act 9139, otherwise known as "The Administrative Naturalization Law of 2000"

² Under Commonwealth Act 473, otherwise known as the 'Revised Naturalization Law' as amended

Philippines or must have a lucrative trade, profession, or lawful occupation.

- Must also be able to speak English, Spanish, or any of the principal Philippine languages.
- Must have enrolled his minor children in schools where Philippine history, government, and civics are part of the curriculum.

The petition for judicial naturalization is commenced by filing a *Notice of Intent* to acquire Philippine citizenship with the Office of the Solicitor General within 1 year before the filing of the petition. The *Notice of Intent* may be dispensed with if the applicant was born or studied his primary and secondary education in the country or resided in the Philippines continuously for 30 years.

The petition for judicial naturalization at the Regional Trial Court must be accompanied by affidavits of two credible citizens of the Philippines personally known to the applicant. The petition will be published once a week for three consecutive weeks in the Official Gazette and a newspaper of general circulation where the petitioner resides.

The decision of the judge favorably granting the petition for judicial naturalization will be the basis for the acquisition of Philippine citizenship.

Pursuant, however, to Republic Act No. 530, 'An Act Making Additional Provisions for Naturalization,' decisions granting the application for naturalization shall become executory only after 2 years from its promulgation and after finding by the court, upon proper hearing that the applicant during the two-year period has a) *not left the Philippines*; b) *dedicated himself continuously to a lawful calling or profession*; c) *has not been convicted of any offense or violation of government promulgated rules*; d) *committed any act prejudicial to the interest of the nation or contrary to any government announced policies*.

Once the decision becomes final and executory, the petitioner in open court must take an oath of allegiance to the Philippines and thereafter will be issued a certificate of naturalization by the clerk of court.

- b) **Benefit:**
Once approved, the foreign applicant will become a naturalized citizen of the Philippines.

3. Legislative naturalization³

- a) **Qualifications:**
The petitioner must be a foreign national who renders notable or extraordinary service to the country and the Filipino people.

Legislative naturalization is granted through a direct act of Congress of the Philippines, either by the House of Representatives or Senate of the Philippines.

It is commenced by filing a bill by any member of the House of Representatives or the Senate of the Philippines and undergoes three readings on separate days in the House of Congress where it originates.

On first reading, the title and number of the bill are read into the records and thereafter referred to the proper committee for consideration. On the second reading, debates on whether the grant of citizenship to the foreigner is favorable to the country or not will transpire. On the third reading, members of Congress will vote to grant citizenship or not. The naturalization bill granting Filipino citizenship to a foreigner must be approved by an affirmative vote of the majority of the members present.

The approved naturalization bill is then sent to the other house of Congress for its concurrence. If the bill originated from the House of Representatives, it will be transmitted to the Senate and vice versa. There, it will undergo the same legislative process. Thereafter, copies of the bill, signed by the Senate President and the Speaker of the House of Representatives, duly certified by both the Secretary of the Senate and the Secretary General of the House, are transmitted to the President for his signature and approval. Once the bill is signed by the President, the bill becomes law.

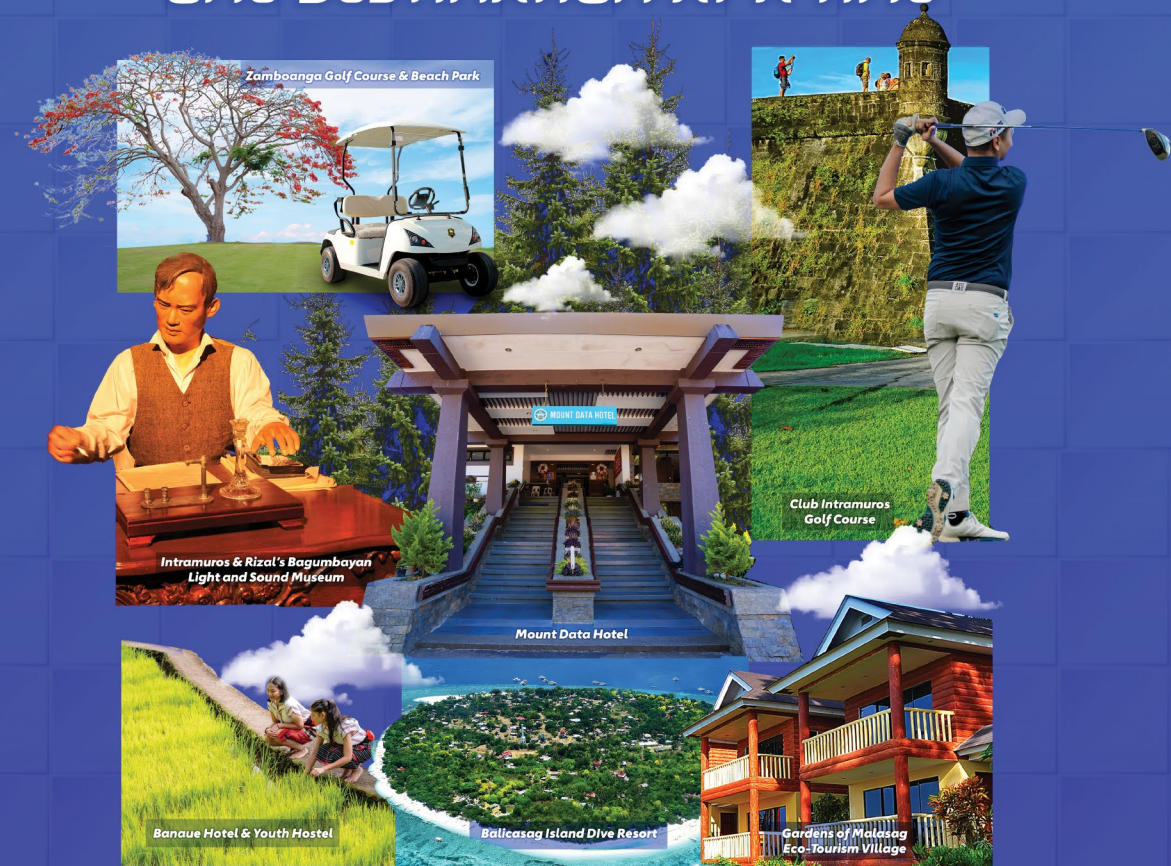
- b) **Benefit:**
After the publication of the naturalization law, oath-taking by the foreign applicant, and the issuance to him of a Certificate of Naturalization by the Bureau of Immigration, the foreigner is granted Philippine citizenship with all the rights and privileges of a naturalized citizen under Philippine laws.

³ Pursuant to legislative power under Article VI, Section 1 of the 1987 Constitution



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VII INTELLECTUAL PROPERTY



RECENT UPDATES ON INTELLECTUAL PROPERTY LAW IN THE PHILIPPINES

INTELLECTUAL PROPERTY (“IP”)

The Intellectual Property Office of the Philippines (“IPOPHL”) continues to move towards digitalization for IP prosecution and litigation despite the easing of restrictions due to COVID-19. Trademark, copyright, patent, utility model, and industrial design applications are now made online through the IPOPHL’s website. The IPOPHL now issues electronic Registration Certificates for trademarks, inventions, utility models, and industrial design in place of hard copy certificates. Hard copies may still be requested, however, with the respective trademark, copyright, and patent bureaus.

The rules on the electronic filing of pleadings and submissions for *inter partes* and IP violation cases filed with the IPOPHL Bureau of Legal Affairs (“BLA”) remain applicable, with additional amendments to the rules and regulations on *inter partes* proceedings according to IPOPHL Memorandum Circular No. 2022-013 dated 27 May 2022. Meanwhile, the service of notices, orders, and final decisions is done through electronic mail, under IPOPHL Memorandum Circular No. 2021-015 dated 14 May 2021.

I. PATENTS

In the time of the 4th Industrial Revolution or Industry 4.0, technology has become a key driving factor among industries. To remain relevant, companies must ensure that they are leveraging the appropriate technology in their processes, products, and services are accessible in the digital age, and their investment and intellectual property are protected.

A. Artificial Intelligence

Artificial Intelligence (“AI”) refers to a series of technologies that simulate human intelligence to perform tasks and conduct problem solving. AI continues to emerge as a general-purpose technology with widespread applications throughout the economy and society.

In the 1970s and 1980s, there were discussions on whether computer software and technology-driven business methods were patentable, copyrightable, or a *sui generis* system. Currently, as widely accepted, computer software itself is protected by copyright but industrially applicable inventions arising from the software or even the software itself can be also

protected by patent as long as the inventor can prove its patentability.

However, as industries utilize AI, issues on whether the work produced by these systems is likewise protected as copyright or patent, as the case may be. Notably, in a recent decision, the United States Court of Appeals for the Federal Circuit held **that only natural persons (i.e., human beings) can be named inventors in patent applications.**

While the law relating to the patentability of software and business methods is still not harmonized internationally, these issues are inevitably clarified as more cases are filed and these issues are resolved by regulators.

B. Joint/Induced Patent Infringement

As the technology and methods involved in patents become more complicated, so do ways of infringing. For instance, there can be separate instances of infringement depending on the multiple claims in a patent, and multiple cross-border parties infringing with a common design.

There is Joint Patent Infringement when two or more persons conspire or cooperate to perform acts that infringe patent rights. On the other hand, when a person actively encourages or facilitates another person to directly infringe on a patent, it gives rise to an Induced Patent Infringement.

Under the Intellectual Property Code (IP Code), anyone who actively induces the infringement of a patent or provides the infringer with a component of a patented product or of a product produced because of a patented process knowing it to be especially adopted for infringing the patented invention and not suitable for substantial non-infringing use shall be liable as a contributory infringer and shall be jointly and severally liable with the infringer.

Under Philippine law, joint or induced patent infringement is prosecuted the same way with administrative, civil, and criminal remedies available. Thus, adopting robust IP protection, monitoring, and compliance policies becomes more imperative as this is the first important step in protecting a company’s IP.

C. New Standard of Claim Construction

The rules governing claims in patent cases are outlined in the Implementing Rules and Regulations of Republic Act No. 8293, as amended by Republic Act Nos. 9150, 9502, and 10372 (“IRR”).

At the onset, claims define the matter for which protection is sought. Each claim shall be clear and concise and shall be supported by the description. In determining the scope of protection, due account shall be taken of elements which are equivalent to the elements expressed in the claims, so that a claim shall be considered to cover not only all the elements as expressed therein but also equivalents.

Under the IRR, all claims must be distinctly identified in the patent application. Further, a claim shall contain the subject matter of the invention, and its technical features, including those which may form part of a prior art. It must conform to the invention as outlined in the description and the terms and phrases used in the claims must find clear support or antecedent basis in the said description so that the meaning of the terms may be ascertainable by reference to the description.

As to the form and contents, the claim must define the matter for which protection is sought in terms of the technical features of the invention. Specifically, the descriptions of each claim shall use terms that are understandable in their plain meaning. Particularly, claims shall contain the following, when applicable:

- (a) A statement indicating the designation of the subject matter of the invention and those technical features which are necessary for the definition of the claimed subject matter but which, in combination, are part of the prior art;
- (b) A characterizing portion preceded by the expression, “characterized in that” or “characterized by,” states the technical features which, in combination with the features stated in subparagraph (a), it is desired to protect.
- (c) If the application contains drawings, the technical features mentioned in the claims shall preferably if the intelligibility of the claim can thereby be increased, be followed by reference signs relating to these features and placed between parentheses. These reference signs shall not be construed as limiting the claim.”

Notably, each patent application may contain one (1) or more independent claims in the same category. Further, one (1) or more claims may be presented in dependent form which refer to, or limit, another claim in the same application. However, a dependent claim referring to more than one other claim (multiple dependent claims) shall refer to such other claims in the alternative only.

Additionally, if the invention relates to an improvement, the claim or claims should specifically point out and distinctly claim the improvement in combination with a preamble statement indicating the prior art features that are necessary for the definition of the claimed subject matter.

As for the fees, a claims fee shall be charged only for claims over five (5) in one application whether such claims are presented at the time of filing, or when claims are added after the filing date but in the same application. The claims fee shall be payable within one (1) month after the filing of the application. If the claims fee has not been fully paid in due time, they may still be paid within a grace period of one (1) month from notice pointing out the failure to observe the time limit. Failure to pay the claims fee shall result in their deletion.

References: Intellectual Property Code of the Philippines, as amended; and Revised Implementing Rules and Regulations for Patents, Utility Models and Industrial Designs.

D. Pending Legislations

Patent laws in the Philippines have consistently been reviewed by the legislature in efforts to remain relevant and responsive to the evolving social, economic, and political climate of the country. Among the pertinent pending legislation on patent laws are Senate Bill Nos. 2385, 2326, 2651, and 2645, and House Bill No. 2672.

1. Senate Bill No. 2385 (“Bill 2385”)

Bill 2385 expanded the enforcement functions of the IPOPHL to include intelligence gathering, visitations, data collection, and enforcement actions in relation to violations of intellectual property rights. Particularly, the proposed enforcement functions under Bill 2385 include the following:

- (a) Gather intelligence information related to the violations of this Act, conduct inquiry and investigation, and develop effective countermeasures to deter counterfeit or pirated goods or content;
- (b) Conduct visits during reasonable hours to establishments and businesses of activities suspected to violate this Act following the procedures prescribed herein;
- (c) Develop a database of pending cases involving violations of this Act;
- (d) Recommend that the concerned local government unit and/or other government agency cancel licenses and business permits of establishments or businesses for engaging in selling or making available

to the public counterfeit or pirated goods or file charges against the respondents for violation of applicable laws, rules or regulations; and

- (e) Conduct monitoring activities related or relevant to intellectual property rights enforcement.

Bill 2385 proposes to increase the penalties that the BLA can impose in case of violation of intellectual property rights, including rights granted to a patent holder. Particularly, the basic administrative fine of Five Thousand Pesos (Php5,000.00) to One Hundred Fifty Thousand Pesos (Php150,000.00), and the daily fine of not more than One Thousand Pesos (Php1,000.00) for the continuing violation, increasing the fine to One Hundred Thousand Pesos (Php100,000.00) to One Million Pesos (Php1,000,000.00), and Ten Thousand Pesos (Php10,000.00), respectively.

2. **Senate Bill No. 2326 (“Bill 2326”) and House Bill No. 2672 (“Bill 2672”) (collectively, the “Bills”)**

Bill 2326 was proposed in response to the ratification of the Regional Comprehensive Partnership Agreement (“RCEP”) on 21 February 2023. The RCEP is a free trade agreement that aims to provide protection and improve enforcement of intellectual property rights which shall ultimately contribute to the promotion of technological innovation and the transfer and dissemination of technology.

In compliance with the intellectual property provisions of the RCEP, Bill 2326 proposed the amendment of certain provisions of Republic Act No. 8293, as amended Republic Act Nos. 9150, 9502, and 10372 (“RA 8293, as amended”), in relation to patents and the powers of the IPO. Specifically, Bill 2326 introduced the amendments discussed below.

Bill 2672 was likewise submitted before the House of Representatives and it is now pending with the Committee on Trade and Industry, which proposes essentially the same amendments as discussed below.

Provisional Patent Application

A provisional patent application (“PPA”) is a temporary patent application that complies with the required contents and is filed for purposes of establishing an early filing date. It shall then be replaced by a patent application if the latter is filed within twelve (12) months from the filing date of the PPA and complies with all the requirements set by law. Notably, a PPA is not recognized under RA 8293 and is a new term under the proposed Bills.

The Bills require the following documents to support the PPA:

- (a) Request Form for Provisional Application;
- (b) Provisional description of the invention;
- (c) Provisional drawings or sequence listings, if applicable;
- (d) At least one (1) provisional claim;
- (e) Provisional abstract;
- (f) Payment of required fees at the time of filing; and
- (g) If the applicant is not domiciled in the Philippines, the appointment of an agent or representative upon whom notice or process for judicial or administrative procedure relating to the application for patent or patent may be served.

Benefits of the PPA

The benefit of filing a PPA refers only to the right of claiming priority date and for establishing the novelty requisite in patent applications. However, an undisclosed PPA shall not be considered as prior art. Further, the protection granted during the term of a patent shall be reckoned from the filing date of the PPA.

Expanded definition of the right of priority

Under RA 8329, as amended, the right of priority refers to the rule that states that an “application for patent filed by any person who has previously applied for the same invention in another country which by treaty, convention, or law affords similar privileges to Filipino citizens, shall be considered as filed as of the date of filing the foreign application.”

However, the same rule is qualified by the proviso which requires the concurrence of the following requirements:

- (a) the local application expressly claims priority;
- (b) it is filed within twelve (12) months from the date the earliest foreign application was filed; and
- (c) a certified copy of the foreign application together with an English translation is filed within six (6) months from the date of filing in the Philippines.”

The Bills expand the definition of the right of priority to recognize the date of filing of the PPA as the priority date. For the same to be claimed as the priority date, the patent application must be filed within twelve (12) months from the filing date of the PPA and must comply with the requirements discussed above.

Confidentiality of provisional patent applications

The Bills impose strict confidentiality for the filed PPAs. Particularly, a PPA shall not be published in the IPO Gazette or any other publication. Further, a forfeited PPA shall be destroyed and permanently deleted, and no record shall be kept by the IPO.

Qualified term of a patent

As for the term of the patent under the Bills, patents that were originally filed under a PPA shall have a term of twenty (20) years reckoned from the filing date of the PPA.

Amendment on the remedies to patent infringement

Bill 2326 intends to empower the BLA to decide on petitions for declaration as the actual inventor or person having the right to a patent. Notably, RA 8293, as amended, does not grant this authority to the BLA as such petitions are within the exclusive cognizance of the courts.

The said bill further grants jurisdiction to Regional Trial Courts for any civil action for patent infringement brought by any patentee, or anyone possessing any right, title, or interest in and to the patented invention, whose rights have been infringed. Notably, RA 8293, as amended merely mentions a “competent court of jurisdiction.”

Additional limitations to patent rights

Bill 2326 proposes stricter limitations over patent rights in cases where the invention is being used for experiments for scientific and educational purposes. In such case, the use must be exclusive for that said purpose.

Criminal Action and Penalties for Patent Infringement

Finally, the Bills proposed additional specific criminal penalties for patent infringement and repetition of the same.

Particularly, in cases of infringement of industrial design, the offender shall be punished by imprisonment for not less than three (3) years but not more than five (5) years and/or a fine of not less than One Hundred Thousand Pesos (Php100,000.00) but not more than Three Hundred Thousand Pesos (Php300,000.00).

Further, in cases when infringement of invention patents, utility models, layout of integrated circuits is repeated by the infringer or by anyone in connivance with him after finality of judgment of the court

against the infringer, the offender shall be punished of imprisonment for not less than three (3) years but not more than five (5) years and/or fine of not less than Five Hundred Thousand Pesos (Php500,000.00) but not more than One Million Pesos (Php1,000,000.00).

3. **Senate Bill No. 2645 (“Bill 2645”) and Senate Bill 2651 (“Bill 2651”) (collectively, the “SB Bills”)**

The SB Bills were proposed to combat online and digital piracy to deter its economic impact on the Philippines. In the explanatory note of SB 2645, it was mentioned that copyright-related industries constitute 7.3% of the country’s Gross Domestic Product (GDP) and that a study by Media Partners Asia revealed that online content piracy during the start of the pandemic and lockdowns were at a Php 1 Billion potential revenue loss position to local video producers, distributors, and aggregators. Thus, the bill proposes an injunctive relief on websites committing such acts.

Prevention Action on Online Infringement of Bill 2645

Bill 2645 empowers IPO to disable access to an online location, streaming, or digital platform, after due hearing, to prevent further access to an online location, streaming, or digital platform, whose primary purpose or primary effect is copyright infringement. The copyright owner or the exclusive licensee of the copyright is the eligible party who may apply for the IPO to order the disabling of access to any infringing online location, streaming, or digital platforms, identified in the application.

Procedure of Inquiry for Prevention Action on Online Infringement of Bill 2645

Bill 2645 designates the IPO to formulate its inquiry procedure for preventive action on online infringement but shall consider the following:

- (i) Whether the online location, streaming, or digital platforms make available or contain directories, indices, or categories of the means to infringe, or facilitate an infringement of, copyright;
- (ii) Whether the owner or operator of the online location demonstrates a disregard for copyright generally; and/or
- (iii) Whether access to the online location, streaming, or digital platforms has been disabled by orders from any court of another country or territory on the grounds of or related to copyright infringement.

One application for the preventive action on online infringement may be submitted for multiple infringing online locations, streaming, or digital platforms, and the requirements of this section must be met and set out in the application.

The application must notify the person who operates the online location, streaming, or digital platforms of the making of an application. However, the IPO may dispense, on such terms as it sees fit, with the required notice to be sent to the person who operates the online location, streaming, or digital platforms if the IPO is satisfied that the applicant is unable, despite reasonable efforts, to determine the identity or address of the person who operates the online location, streaming or digital platforms, or to send notices to that person.

Penalty under Bill 2645

Bill 2645 proposes to increase the penalties which the BLA can impose for administrative fines. Particularly, the basic administrative fine of Five Thousand Pesos (Php5,000.00) to One Thousand Pesos (Php1,000.00), and the daily fine of not more than One Thousand Pesos (Php1,000.00) for the continuing violation, increasing the fine to Ten Thousand Pesos (Php10,000.00).

Internet Site Blocking Order of Bill 2651

Meanwhile, SB 2651 proposes an “Internet Site Blocking Order” wherein in case infringing goods are made available through an Internet site, the owner of the copyright or right holder or his/her duly authorized representative may apply for the issuance of an order directing an internet service provider to block and otherwise prevent user access to such internet site: provided, that, such internet site has the primary purpose or effect of infringing copyright or facilitating copyright infringement and/or that contains infringing goods.

Procedure for the Internet Site Blocking Order of Bill 2651

SB 2651 prescribes that the application shall be made through the filing of a verified complaint following the rules of procedure governing the enforcement of intellectual property rights. The complaint shall include supporting documents to demonstrate that the internet site (a) contains infringing goods, or (b) has the primary purpose of infringing or facilitating the infringement of copyright.

Similar to the Prevention Action of SB 2645, one application may be filed for multiple internet sites.

SB 2651 provided the grounds to be considered in evaluating an application for the internet site blocking order:

- (a) The gravity and/or flagrancy of the infringement or facilitation thereof on

the internet site;

- (b) Whether the internet site makes available or contains directories, indices, or categories of the means to infringe or facilitate an infringement of the copyright;
- (c) Whether the owner or operator of the internet site demonstrates a disregard for copyright generally;
- (d) Whether access to the internet site has been disabled by orders from any court or tribunal of another country or territory on the ground of, or related to, copyright infringement;
- (e) Whether it is in the public interest to disable access to the internet site; and
- (f) Any other relevant matter.

Upon a finding that the internet site has the primary purpose or effect of infringing copyright or facilitating copyright infringement and/or contains infringing goods, the IPO shall issue an order to the ISP directing it to:

- (a) Block or prevent user access to a domain name system(DNS)with respect to all domain names where the internet site operates;
- (b) Block an IP address concerning static IP addresses for the internet site;
- (c) Block or prevent user access to a uniform resource locator (URL) and associated domain name/s for the internet site; and/or
- (d) Redirect users who attempt to access the internet site to a landing page that contains relevant information about the state policies on the protection of intellectual property rights and applicable laws, rules, and regulations, and other educational material about legitimate sources to access works protected by copyright.

For the enforcement of the Internet Site Blocking Order, IPO would coordinate with the National Telecommunications Commission.

Criminal Penalties under Bill 2561

Any person proven to have a primary purpose or effect of infringing copyright or facilitating copyright infringement and/or contains infringing goods or fails to comply with the Internet Site Blocking Order shall be punished with imprisonment of *prison mayor* or a fine ranging from one hundred thousand pesos (Php100,000.00) to one million pesos (Php1,000,000.00). An additional fine of not more than fifty thousand pesos (Php50,000.00) shall be imposed for each continuing violation of or non-compliance with such order.

II. TRADEMARKS

The IPOPHL has issued Memorandum Circular (MC) 2023-001 or the “Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers of 2023 Replacing the Revised Trademark Regulations of 2017” which took effect on 14 February 2023.

Spotlight is given to the revisions concerning the protection of non-traditional visual marks such as color, motion, position, 3D, and hologram marks and their formal filing requirements.

Regarding filing and procedural requirements, the amended rules now require fully automated transactions with the IPOPHL and its electronic filing system. Previously, the IPOPHL would allow personal filing in some cases such as when the filing fees reach a certain threshold amount. Bureau of Trademark correspondences and the applicant, registrant, or agent’s period to reply has likewise changed is now counted from the date this was sent to the by the IPOPHL to the registered email and not from the date of sending of the hard copy of the correspondence to the listed address.

Revisions to IPOPHL’s fee structure have also been made under MC 2023-002 or the “Amendments to IPOPHL Memorandum Circular No. 16-012 (IPOPHL Revised Fee Structure of 217) with Trademark-Related Fees.” Highlighted in the revisions is that the payment for the publication and opposition fee shall now be paid together with the filing fee whereas in the past, these fees were paid after the receipt of a Notice of Allowance for Publication. As explained by the IPOPHL, this mitigates the chances of abandonment of applications due to inadvertent non-payment of filing fees.

Other notable revisions include the following:

1. The definition of “trade names” is the “business name, company name, or corporate name;
2. the definition of “registered e-mail as the email address of the applicant/ registrant or its agent/ representative as stated or entered in the online application system (eTMFile) or as may be subsequently communicated to the Bureau of Trademarks;
3. the mandatory use of IPOPHL-prescribed forms for submission to the office;
4. the requirement of disclaiming the function portion of the trademark;

5. the allowance of the examiner to suspend actions while awaiting an applicant’s response;
6. the submission of the foreign registration to those claiming priority right within one (1) year from the mailing date of the Notice of Allowance rather than six (6) months; and
7. the requirement of legalization, authentication or apostille of trademark for transfer documents notarized abroad for purposes of recordation with the Bureau of Trademarks.

On 5 October 2022, through IPOPHL MC No. 2022-022, the IPOPHL issued its rules and regulations on geographical indications (GI), which provide for a *sui generis* system of and procedure for registration and protection of GIs with the Bureau of Trademarks.

Further, consistent with the mandate to promote and provide assistance to MSMEs, and the objective of affording Filipino entrepreneurs an effective system to protect their marks abroad, the IPOPHL launched the “Juan for the World” program through IPOPHL MC No. 2021-021, by waiving the handling fee for processing Madrid Protocol International Application.

References: Senate of the Philippines Website, Senate Bill No. 2326, Senate Bill No. 2385, Senate Bill No. 2645, Senate Bill No. 2651; House of Representatives Website, House Bill No. 2672; Regional Comprehensive Economic Partnership; IPOPHL Memorandum Circular No. 2023-001, IPOPHL Memorandum Circular No. 2023-002, IPOPHL Memorandum Circular No. 2022-022, IPOPHL Memorandum Circular No. 2021-021

III. COPYRIGHT

2021-2022 was an exciting period for copyright and related rights. The IPOPHL strengthened the Bureau of Copyrights and Other Related Rights (“BCRR”) in late 2020 when it issued new rules on copyright registration and deposit, which streamlined the registration and deposit process under the BCCR, including the record of exclusive copyright licenses and assignments. The IPOPHL also issued:

1. the new rules on the resolution of disputes on copyright licensing, which placed the original jurisdiction over such disputes with the Director of the BCRR;
2. the rules on resale rights concerning paintings, sculptures, and manuscripts; and
3. the rules on copyright for government works.

The IPOP HL furthered its promotion of copyright protection with the accession of the Philippines to the Beijing Treaty on Audiovisual Performance (“BTAP”) in 2021, especially for local music and audiovisual works. The IPOP HL hosted the first ever international Copyright Summit in November 2021, which focused on educating the public on copyright protection in various sectors of the creative industry and published a Copyright Reference book and quarterly Copyright Bulletin, both of which are available for free on its website.

In late 2021, the IPOP HL issued:

1. Its draft implementing rules of the BTAP;
2. the draft implementing rules on sound performers’ rights and sound record producers’ rights under the World Intellectual Property Organization Performances and Phonograms Treaty (WPPT); and
3. the draft implementing rules on copyright protection and the public domain, which are currently under public consultation.

Aside from this, the IPOP HL also entered into a partnership with the Motion Picture Association of the United States trade group for purposes of monitoring piracy, and to support the creation of a piracy monitoring system and site-blocking regime to further protect IP rights in this jurisdiction.

With these improvements, the IPOP HL is on trend to further promote and strengthen copyright protection in the Philippines, especially for local creatives and talents.

IV. MEDIATION AND ALTERNATIVE DISPUTE RESOLUTION

The IPOP HL is promoting a shift towards alternative modes of settling IP disputes by partnering with the Office of Alternative Dispute Resolution. In the stakeholder’s meeting held in April 2022, IPOP HL officers and other key speakers discussed the importance of ADR as a part of the recovery phase of the business sector in terms of IP matters. As part of its efforts to minimize litigious expenses, the IPOP HL has been actively upgrading its processes and launching new mediation services to cater to stakeholder needs. In 2021 alone, the Bureau of Legal Affairs mediated 195 cases, which is 47% higher than the 133 cases it mediated in 2020. The IPOP HL has also issued new rules for the mediation of IP cases outside of litigation, with the hopes of de-clogging its dockets.

References:

Patents

Memorandum Circular No. 2022-013, Amended Rules and Regulations on Inter Partes Proceedings, 27 May 2022

Memorandum Circular No. 2021-015, Service of Notices, Orders, and Final Decisions, 14 May 2021

Memorandum Circular No. 2022-011, IP Protection Incentives for MSMEs (“Juana Patent and Juana Design”), 13 April 2022

Memorandum Circular No. 2022-016, Revised Implementing Rules and Regulations for Patents, Utility Models, and Industrial Designs of 2022, 4 July 2022

United States, Patent and Trademark Office, Public Views on Artificial Intelligence and Intellectual Property Policy, October 2020

Stephen Thaler v. Katherine K. Vidal, Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, United States Patent and Trademark Office, 43 F.4th 1207 (Fed. Cir. 2022)

Republic Act No. 8293, as amended Republic Act Nos. 9150, 9502, and 10372, or the “Intellectual Property Code of the Philippines

Senate Bill No. 2385, An Act Amending the Powers and Functions of the Intellectual Property Office of the Philippines, Amending for the Purpose Republic Act No. 8293, as amended, otherwise known as the Intellectual Property of the Philippines, 1 August 2023

Senate Bill No. 2326, An Act Amending Certain Provisions of Republic Act 8293, otherwise known as the Intellectual Property Code of the Philippines, 18 July 2023

House Bill No. 2672, An Act Amending Certain Provisions of Republic Act 8293, otherwise known as the Intellectual Property Code of the Philippines and for other purposes

Guiding Principles and Objectives for Negotiating the Regional Comprehensive Economic Partnership

Trademarks

Senate Bill No. 2326, An Act Amending Certain Provisions of Republic Act 8293, otherwise known as the Intellectual Property Code of the Philippines, 18 July 2023, 28 July 2022

Senate Bill No. 2385, An Act Amending the Powers and Functions of the Intellectual Property Office of the Philippines, Amending for the Purpose Republic Act No. 8293, as amended, otherwise known as the Intellectual Property of the Philippines, 1 August 2023

Senate Bill No. 2645, An Act Strengthening the Powers of the Intellectual Property Office, Amending for the Purpose Republic Act No. 8293, as amended, otherwise known as the Intellectual Property Code of the Philippines, 29 April 2024

Senate Bill No. 2651, An Act Strengthening the Powers of the Intellectual Property Office, Amending for the Purpose Republic Act No. 8293, as amended, otherwise known as the Intellectual Property Code of the Philippines, 2 May 2024

House Bill No. 2672; An Act Amending Certain Provisions of Republic Act 8293, otherwise known as the Intellectual Property Code of the Philippines and for Other Purposes, 28 July 2022

Guiding Principles and Objectives for Negotiating the Regional Comprehensive Economic Partnership;

IPOP HL Memorandum Circular No. 2023-001, Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers of 2023 Replacing the Revised Trademark Regulations of 2017, 10 January 2023

IPOP HL Memorandum Circular No. 2023-002, Amendments to IPOP HL Memorandum Circular No. 16-012 (IPOP HL Revised Fee Structure of 217) in Relation to Trademark-Related Fees, 10 January 2023

IPOP HL Memorandum Circular No. 2022-022, Rules and Regulations on Geographical Indications, 5 October 2022

IPOP HL Memorandum Circular No. 2021-02, Trademark Protection Incentives for MSMEs (“Juan for the World”), 6 September 2021

Copyright

Memorandum Circular No. 2020-025, Revised Rules and Regulations on Copyright Registration and Recordation of Transfer, Assignment and License of Copyright, 3 July 2020

Memorandum Circular No. 2020-023, Implementing Rules and Regulations on Resale Rights, 3 July 2022

Memorandum Circular No. 2020-024, Copyright Rules and Regulations for the Government, 3 July 2020

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VIII COMPETITION LAW

COMPETITION LAW

1. Legal Landscape

Republic Act No. 10667, otherwise known as the “Philippine Competition Act” (PCA), consolidates the Philippines’ antitrust policies in the Philippines. Notably, the PCA operates extraterritorially. The PCA not only applies to any person or entity engaged in trade, industry, and commerce in the Philippines but also applies to international trade, industry, or commerce having direct, substantial, and reasonably foreseeable effects in the Philippines. Acts done outside the Philippine territory may, therefore, be subject to the PCA.

The Philippine Competition Commission (PCC) is the primary authority tasked to implement the national competition policy. It is an independent and quasi-judicial body with original and primary jurisdiction over competition law issues. The PCC was given a wide range of enforcement powers, including powers to investigate and adjudicate antitrust cases, review mergers and acquisitions, issue subpoena duces tecum and subpoena ad testificandum, conduct inspections of business premises and records, issue adjustment or divestiture orders, including corporate reorganization, and impose sanctions and penalties.

2. Prohibited Practices

- a. Anti-Competitive Agreements.** There are two main classifications for anti-competitive agreements – (i) *per se* prohibited, and (ii) those which have the object or effect of substantially preventing, restricting, or lessening competition.

Per se, prohibited agreements are those entered into between or among competitors that restrict competition as to price, or components thereof, or other terms of trade (price-fixing), or which fix the price at an auction or bidding (bid-rigging). These agreements are inherently illegal, and no further inquiry into their effect on competition is necessary.

Other agreements must be shown to have the object or effect of substantially preventing, restricting, or lessening competition to be considered anti-competitive. These agreements include output limitation and market sharing. Contribution to improving the production or distribution of goods and services or promotion of technical or economic progress while allowing consumers a fair share of the resulting benefits may be set up as a defense for these types of

agreements.

- b. Abuse of Dominant Position.** Dominant position refers to a position of economic strength that an entity or entities hold, which makes it capable of controlling the relevant market independently from any or a combination of the following: competitors, customers, suppliers, or consumers. The PCA considers several factors to determine market dominance, such as market share, ability to fix prices unilaterally or restrict market supply, existence and power of competitors, difficulty of entry of new competitors, and consumer’s switching power. There is a rebuttable presumption of market dominance if the market share of an entity in the relevant market is at least fifty percent (50%).

Having a dominant position is not *per se* prohibited. It is an abuse of a dominant position by engaging in conduct that would substantially prevent, restrict, or lessen competition that is prohibited. The PCA lists several instances that may constitute abuse of dominant position, such as predatory pricing, imposing barriers to entry, tying/bundling, discriminatory behavior, and monopsony. Contribution to improving the production or distribution of goods and services or promotion of technical or economic progress while allowing consumers a fair share of the resulting benefits may also be invoked as a defense against allegations of abuse of dominant position.

Prohibited Mergers and Acquisitions (M&A). M&As are prohibited if they will substantially prevent, restrict, or lessen competition in the relevant market. The PCA allows two exemptions from this prohibition: (i) the concentration has brought about or is likely to bring about gains in efficiencies that are greater than the effects of any limitation on competition, or (ii) a party to the M&A is faced with actual or imminent failure, and the agreement represents the least anti-competitive arrangement among the known alternative uses for the failing entity’s assets.

The authority of PCC to review M&A transactions is not limited to those that have breached the notification threshold. The PCC may, *motu proprio* or on its own, review any M&A transaction that may come to its attention.¹

¹ Please see discussion on notifications requirements for mergers and acquisitions in Part 5 of Investments.

3. Merger Remedies

On 11 July 2024, PCC issued the guidelines for merger remedies, which outline the PCC’s approach when assessing the merging parties’ proposals to address competition concerns arising from M&A transactions.

PCC recognized two (2) general types of remedies: (1) behavioral and (2) structural.

Behavioral remedies focus on regulating the conduct of the parties post-transaction. The proposed behavioral remedies must adhere to the following: (i) their terms are readily and affordably monitored; (ii) there is a straightforward punishment mechanism with a strong deterrence effect for breach; and (iii) there is more benefit to adopting a behavioral remedy than a structural remedy, or a structural remedy is not feasible.

Structural remedies directly affect the structure of the M&A. This typically involves the creation or restoration of an independent entity to maintain competition. Structural remedies are self-policing and do not require active monitoring.

In determining whether the remedy is acceptable, the PCC shall consider the remedy’s risk profile, practicality, duration, and timing. Should the PCC determine that the proposed remedy is not sufficient to avoid substantially preventing, restricting, or lessening competition, the relevant office will continue its review of the M&A from the time it was suspended.

Should the PCC approve of the proposed remedy, the PCC may employ a third party to monitor the parties’ implementation of the merger remedy. Nevertheless, the PCC underscores that the merged or surviving firm is primarily responsible for carrying out the approved merger remedy.

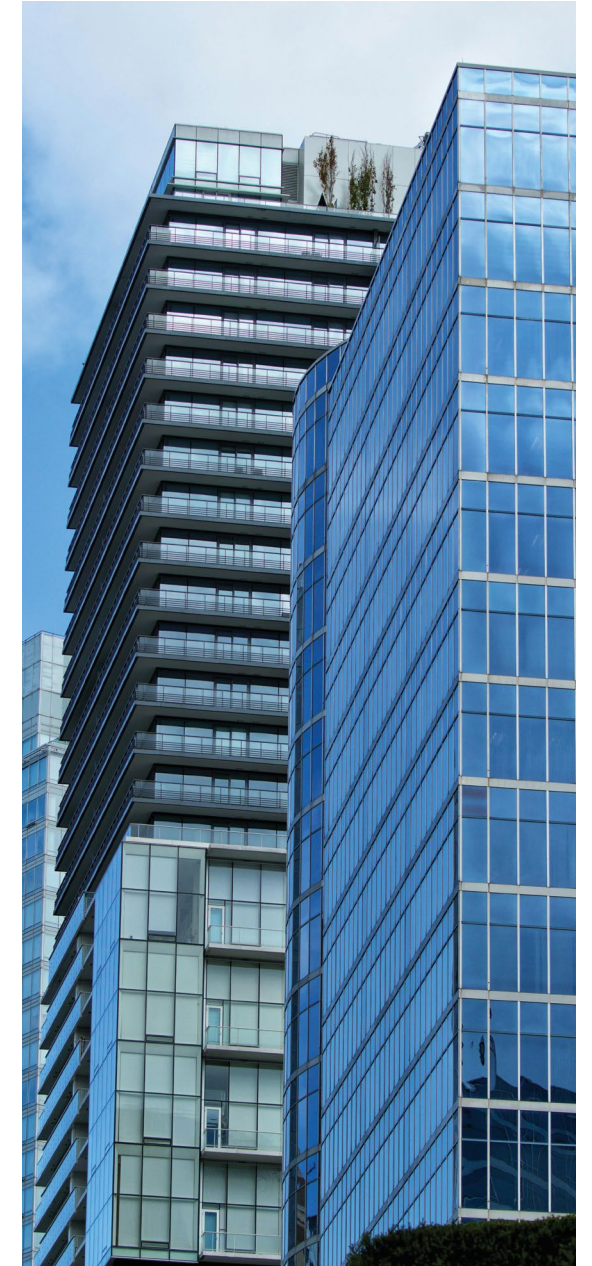
4. Penalties and Leniency Program

The PCC may impose administrative fines for violations of the PCA and may require divestment and disgorgement of excess profits. The PCA criminalizes only anti-competitive agreements that are *per se* prohibited under Section 14(a) and anti-competitive agreements between competitors that were identified in Section 14(b) of the PCC, e.g., supply restriction and market sharing. In addition to fines, responsible officers or directors of entities found liable for entering into the above-mentioned anti-competitive agreements may be penalized by imprisonment from two (2) to seven (7) years. The PCC adopts a leniency program designed to aid the detection and prosecution of anti-competitive activities.

An entity that is in doubt as to whether a contemplated act, agreement, or conduct complies with the PCA may request from the PCC a binding ruling thereon. In the event of an adverse binding ruling, the entity shall be provided with a reasonable period, which shall not exceed ninety (90) days, to abide by the ruling of the PCC and shall not be subject to administrative, civil, or criminal action.

References:

1. Republic Act No. 10667 or the Philippine Competition Act
2. Philippine Competition Commission – Guidelines for Merger Remedies





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IX RENEWABLE ENERGY



RENEWABLE ENERGY

Powering the Future: The Regulatory Framework for Electric Power and Renewable Energy Industry in the Philippines

Power, electric utilities, and energy have collectively evolved as the most dynamic industries over the past few decades in the Philippines as they have undergone major changes and transformations. Given the multifarious nature of this important sector, the Philippine Congress and national government agencies have passed and issued numerous far-reaching Philippine energy laws, rules, and regulations to address the continuing development and complexity of the industry.

The EPIRA Law

In 2001, the electric power industry in the Philippines underwent significant reorganization, through the passage of Republic Act No. (“**RA**”) 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (“**EPIRA**”). The EPIRA established the overall framework for the restructuring of the electric power industry. More specifically, EPIRA was passed into law to pave the way for the: (i) reorganization of the electric power industry into four sectors: generation, transmission, distribution and supply; (ii) transfer of National Power Corporation’s (“**NPC**”) transmission and sub-transmission facilities, and all other assets related to transmission operations, including the nationwide franchise of NPC for the operation of the transmission system and the grid, and the creation of National Transmission Corporation (“**TRANSCO**”); (iii) de-monopolization and shareholding dispersal in generation companies, DUs, and their respective holding companies, and introduction of competition in the generation and supply sectors; (iv) differentiation of contestable and captive market in the supply of electricity; (v) establishment of the Wholesale Electricity Spot Market (“**WESM**”), providing procedures for, among others, merit order dispatch, market-clearing price, market administration including criteria for admission to and termination from market, market operation in system emergencies, and amendment of rules; (vi) introduction of retail competition and open access (“**RCOA**”); (vii) absorption by the national government of stranded debt and stranded contract costs of NPC; (viii) determination of universal charge to be imposed on all end-users for various purposes; (ix) parity of tax treatment for exploitation of all indigenous energy sources with existing rates for imported coal, crude oil

bunker fuel and other imported fuels; (x) unbundling of electricity rates; (xi) definition and refinement of the powers and functions of the Department of Energy (“**DOE**”); (xii) creation of the ERC and definition of its mandate; (xiii) recognition of cross-ownership, market abuse, and anti-competitive behavior; (xiv) fines and penalties for violation of EPIRA; (xv) privatization of NPC assets and contracts through independent power producers (“**IPP**”) administrators; (xvi) creation of Power Sector Assets and Liabilities Management Corporation (“**PSALM**”) and its mandate; (xvii) promotion of rural and missionary electrification, conversion of electric cooperatives, additional mandate of NEA, and assumption by PSALM of all outstanding financial obligation of electric cooperatives; (xviii) congressional oversight through the Joint Congressional Power Commission; (xix) benefits to host communities; (xx) NPC offer of transition supply contracts; (xxi) renegotiation of power purchase and energy conversion agreements; (xxii) mandated rate reduction and lifeline rate; (xxiii) removal of cross subsidies; and (xxiv) education and protection of end-users.

The Renewable Energy Law

After seven years of reorganizing the electric power industry, the Philippine Congress proposed the transition to cleaner forms of indigenous energy resources through RA 9513, otherwise known as the “*Renewable Energy Act of 2008*” (the “**RE Law**”). The RE Law provides for the overall framework for the use of renewable energy (“**RE**”) resources, including biomass, geothermal, solar (rooftop, ground-mounted, and floating), hydro (run-of-river and dam), ocean and wind (onshore and offshore), for power generation in the Philippines. As a matter of basic policy, the Philippines promotes the accelerated advancement of RE resources into useful forms of energy and the development of a strategic program to further increase the utilization of RE resources.

The RE Law promotes the efficient and cost-effective commercial application of RE systems by providing fiscal and non-fiscal incentives to RE developers, individuals, or groups engaged in the exploration, development, and utilization of RE resources and the actual operation of RE systems or facilities including RE Generation Facilities, as will be discussed below.

Moreover, the RE Law provides for the creation of the National Renewable Energy Board (“**NREB**”), which is a body composed of representatives from various agencies of the government, more particularly, the DOE, Department of Trade and Industry, Department of Finance, Department of Environment and Natural Resources, NPC, Philippine National Oil Company, Philippine Electricity Market Corporation, and representatives from the private sector appointed by

the President and representing various sectors such as the RE developers, government financial institutions, private DUs, electric cooperatives, electricity suppliers and non-governmental organizations.

The NREB is tasked primarily to facilitate and recommend the NREP of the Philippines and to oversee and monitor the utilization of the RE Trust Fund, a special account used to finance the research, development, demonstration, and promotion of the widespread and productive use of RE systems, the conduct of RE studies by the public and private sectors, and the development and operation of RE resources.

Doing Business as an RE Developer in the Philippines

The RE Law requires all RE developers who will explore, develop, and utilize RE resources in the Philippines to apply for a renewable energy service contract (“**RESC**”). The RESC is a service agreement between the Republic of the Philippines, through the DOE, and the RE developer over a period of 25 years in which the RE developer is given the exclusive right over a particular area for exploration and development of RE resources. The RESC serves as the foundation for the construction by the RE developer of an RE power plant in the Philippines.

In the Philippines, the DOE is the executive department of the national government responsible for the preparation, integration, coordination, supervision, and control of all plans, programs, projects, and activities of the government relative to energy exploration, development, utilization, distribution, and conservation. To implement the provisions of the RE Law, the Renewable Energy Management Bureau (“**REMB**”) under the DOE was statutorily created. The REMB is tasked to, among others, develop policies, plans, and programs related to the utilization and commercialization of RE resources and technologies and promote commercialization of RE resources including new and emerging technologies for efficient and economical transformation, conversion, processing, marketing, and distribution to end users. The REMB is the body that has the power, among others, to evaluate, process, approve, and issue RESC, permits, certifications, and/or accreditations as provided for in the RE Law and its IRR.

Under each RESC, the RE developer has the following obligations:

- a. Comply with all its work and financial commitment in carrying out its RE operations and provide all necessary services, technology,

- and financing in connection therewith;
- b. Observe applicable laws relating to labor, health, safety, environment, ecology, and Indigenous peoples rights, among others;
- c. Pay the government share and taxes, as may be applicable;
- d. Give priority in employment to qualified personnel in the area where the RE project is located and give preference to Filipinos in all types of employment for which they are qualified;
- e. Give preference to local companies/agencies in entering into subcontracts on RE activities or services which the RE developer may not carry out, upon approval by the DOE, provided that these companies/agencies are competitive and the services required are locally available;
- f. Post a performance bond, if applicable, within the prescribed period;
- g. Maintain complete and accurate technical data and reports, and accounting records of all the costs and expenditures for the RE operations;
- h. Submit technical and financial reports following the format as prescribed by the DOE and in a timely manner;
- i. Be responsible for the proper handling of data, samples, information, reports, and other documents; and
- j. Allow DOE personnel, at all reasonable times, full access to the RE Contract area and accounts, books, and other records relating to RE operations.

Fiscal and Non-Fiscal Incentives of RE Developers

To further encourage investments in the use of RE resources, an RE developer who is awarded an RESC by the DOE is entitled to numerous fiscal incentives under the RE Law. Among the key fiscal incentives and tax benefits set out in the RE Law include, among others:

- a. Income tax holiday (“**ITH**”) for a period of seven (7) years from the start of commercial operations;
- b. Corporate tax rate of only ten percent (10%) on its net taxable income after seven (7) years of availing of the ITH (compared to the regular 25% corporate income tax rates);
- c. Exemption from tariff duties in the importation of machinery and equipment, and materials and parts thereof within the first ten (10) years from issuance of Certificate of Registration to an RE developer;
- d. Special realty and other taxes not exceeding one and a half percent (1.5%) of their original cost less accumulated normal depreciation or net book value on certain improvements actually

- and exclusively used for RE facilities;
- e. Deduction from gross income for the next seven (7) consecutive taxable years of the net operating loss carry-over (“**NOLCO**”) during the first three (3) years from the start of commercial operation, under certain conditions;
- f. Accelerated depreciation if an RE project fails to receive an income tax holiday before full operation;
- g. Zero value-added tax (“**VAT**”) on certain transactions related to the development of the plant facilities, and the exploration and development of the RE resources;
- h. Tax exemption on all proceeds from the sale of carbon emission credits; and
- i. Tax credit equal to one hundred percent (100%) of the value of VAT and customs duties that would have been paid on the RE machinery, equipment, materials, and parts for the RE project had these items been imported, under certain conditions.

Aside from fiscal incentives, the RE Law also provides for non-fiscal policy mechanisms to further encourage the utilization of RE resources. These mechanisms include, among others, the following:

- a. Renewable Portfolio Standards (“**RPS**”), which places an obligation on electric power industry participants such as generators, distribution utilities, or suppliers to source or produce a specified fraction of their electricity from eligible RE resources;
- b. Feed-in-Tariff (“**FIT**”) System, which involves the obligation on the part of electric power industry participants to source electricity from RE generation at a guaranteed fixed price applicable for a given period as determined by the ERC;
- c. Green Energy Option Program (“**GEOP**”), which is a mechanism to be established by the DOE to provide end-users the option to choose RE resources as their source of energy;
- d. Net-metering, which is a consumer-based incentive scheme wherein electric power generated by an end-user from an eligible on-site RE generating facility and delivered to the local distribution grid may be used to offset electric energy provided by the distribution utility to the end-user during the applicable period;
- e. Accelerated depreciation of plant, machinery, and equipment may be applied if the project fails to receive an ITH before full operation; and
- f. The Renewable Energy Market (“**REM**”), is the market where trading of RE Certificates may be made in compliance with the RPS. With the establishment of the REM, all electricity output from RE developers may be sold and traded through the REM without the need for the RE developer to enter into bilateral supply contracts.

In June 2022, instead of the FIT System, the DOE implemented a Green Energy Auction Program (“**GEAP**”) seeking public bids and offers from various RE developers utilizing different RE technologies. The GEAP facilitates investments in new or additional RE capacities under a competitive process to promote the growth of RE as a primary source of energy in the Philippines. GEAP winners are awarded a 20-year RE payment agreement that entitles them to payment of the winning bid price for every kWh generated by the RE plant.

Foreign RE Developers Allowed in the Philippines

The 1987 Constitution of the Philippines (the “**Philippine Constitution**”) provides that all forces of potential energy and natural resources belong to the State and their exploration, development, production, and utilization shall be under the full control and supervision of the State. Further, the Philippine Constitution provides that only Filipino citizens or corporations or associations at least sixty percent (60%) of whose capital is owned by Filipino citizens, are allowed to engage in the exploration, development, production, and utilization of forces of potential energy through co-production, joint-venture or co-production sharing agreements with the State as represented by the Government.

While, as provided in the Philippine Constitution, all forces of potential energy are owned by the State, the Department of Justice (“**DOJ**”) recently interpreted such a statement to exclude kinetic energy such as solar, wind, hydro, and ocean or tidal energy resources. In September 2022, the DOJ Secretary issued *Legal Opinion No. 21, series of 2022* (“**DOJ Legal Opinion**”), which declared that the exploration, development, and utilization of solar energy, among others, should not be subject to the 40% foreign equity limitation found under the Constitution.

The rationale for such an opinion lies in the interpretation of the term “natural resources” and a consideration of the spirit of the law. According to the DOJ, the enumeration accompanying the term “natural resources” found in the Philippine Constitution refers only to those resources that are susceptible to appropriation, such as lands, fisheries, forests, and wildlife. Such terms could not then include the sun, wind, or ocean as they cannot be subject to appropriation. This is also in accordance with the legal principle *noscitur a sociis* and *eiusdem generis*.

The DOE Secretary, upon the issuance of the DOJ Legal Opinion, declared his full support in opening

the development of RE Resources to 100% foreign participation and conducted a public consultation on the proposed amendment to the Implementing Rules and Regulations (“**IRR**”) of the RE Law, which then provided that kinetic energy was covered by the constitutional limitation on foreign equity participation. In 2022, the DOE Secretary issued a Department Circular which expressly amended the RE IRR, and officially allowed foreign citizens or Filipino and foreign-owned corporations or associations to enter into RESCs with the Philippine government.

Thus, under existing laws, rules, and regulations, foreigners may now engage in the exploration, development, and utilization of RE resources in the Philippines. There is also no nationality restriction in the operation of power plants in the Philippines utilizing fossil fuels, such as coal, oil, and natural gas.

After securing the necessary RESC, the foreign RE developer may proceed to obtain all other relevant permits required to engage in the electric power industry in the Philippines, including, among others, the certificate of compliance with the ERC, local government unit business permits, environmental compliance certificate from the Department of Environment and Natural Resources, transmission and metering service agreements with the National Grid Corporation of the Philippines (“**NGCP**”), among others.





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X FINANCIAL TECHNOLOGY



FINANCIAL TECHNOLOGY

1. FINTECH LANDSCAPE IN THE PHILIPPINES

The financial inequality in the Philippines has become the main driving force for FinTech companies to invest in technology to ensure equitable access to financial services. However, to date, some 51 percent of adult Filipinos remain unbanked.¹

Nonetheless, in 2022, the number of registered e-money accounts, the most-owned financial account, reached 257.5 million.² Thus, coupled with the advantage of high internet and smartphone penetration, as well as a supportive Bangko Sentral ng Pilipinas (BSP), the future of FinTech in the Philippines is promising, with increasing investments in digital infrastructure and a growing ecosystem of local startups, international players, and governmental support.

2. FINTECH LICENSES

Local and foreign investors who wish to establish a fintech business in the Philippines must register with the appropriate government bodies, such as the Securities and Exchange Commission (SEC) and the Bangko Sentral ng Pilipinas (BSP), to be allowed to operate legally in the country. In the Philippines, several types of fintech companies focus on providing specific services. Such are:

Digital Payments & Mobile Wallets
Digital Remittance
Blockchain & Cryptocurrency
Alternative Finance
Payroll & HR

These services are among the most popular kinds of fintech companies operating in the Philippines. Depending on the business goals, the SEC and BSP may require the Fintech company to secure different documentation during its business registration process.

Although most businesses only require registration with the SEC, the Philippines require fintech companies that engage in remittance, payment,

money-changing, foreign exchange, virtual currency exchanges (later termed as virtual asset service providers or VASP), digital banking, and merchant payment acceptance activities to also register with BSP.

To further supervise and regulate fintech companies in the Philippines, BSP initially created two special regulations: BSP Circular No. 942 and 944, including a specialized government unit, the Financial Technology Sub-Sector (FTSS).

BSP Circular No. 942 monitors fintech companies engaged in remittance, money-changing, or foreign exchange dealing. BSP Circular No. 944, on the other hand, governs the operations and reporting obligations of fintech companies that offer virtual currency exchanges or engage in activities that provide facilities for the conversion or exchanges of virtual currencies. Fintech companies that provide alternative financing, however, may be regulated under the Lending Company Regulation Act.

A Fintech startup can apply for any of the following licenses from the BSP and/or the SEC:

1. Electronic Money Issuer (“EMI”);
2. Regulatory Sandbox Framework;
3. Virtual Asset Service Provider (“VASP”);
4. Operator of a Payment System (“OPS”);
5. Merchant Payment Acceptance Activities;
6. Money Service Business (“MSB”);
7. Electronic Financial and Payment Service (“EFPS”);
8. Digital Banks;
9. Crowdfunding;
10. Lending and Financing.

Note: There is a two-year moratorium on the issuance of new EMI Licenses for non-bank financial institutions until 15 December 2024, and of new VASP Licenses until September 2025.

(i) **Electronic Money Issuer (EMI) License**

Section 702, as amended by Circular No. 1166, series of 2023, of the Manual of Regulations for Banks defines E-money and an EMI as follows:

E-money shall refer to an electronically stored monetary value that is:

- (1) maintained in a non-interest-bearing non-deposit transaction account;
- (2) denominated in or pegged to Philippine Peso or other foreign currencies;
- (3) pre-funded by customers to enable payment transactions;
- (4) accepted as a means of payment by the

- issuer and by other persons or entities including merchants/sellers;
- (5) issued against receipt of funds of an amount equal to the monetary value issued;
- (6) represented by a claim on its issuer; and
- (7) withdrawable in cash or cash equivalent or transferable to other accounts/instruments that are withdrawable in cash.

Electronic money issuer (EMI) shall be classified as follows:

- a. EMI-Banks; and
- b. EMI-Non-Bank Financial Institution (EMI-NBFI), which includes cooperatives.

Banks may offer E-money services subject to prior approval of the Bangko Sentral under the Electronic Payment and Financial Services (EPFS) license and compliance with the prudential criteria provided under Sec. 111 and requirements on licensing of EPFS under Appendix 136 of Sec. 701 of the Manual of Regulations for Banks (MORB). A Certificate of Authority to Operate as an EMI-NBFI will provide a licensee with the capability to convert cash into electronic money, issue stored value cards, transfer funds, and provide payment solutions to its business clients subject to compliance with other BSP license requirements. However, EMI-NBFI that engage in lending activities must also secure a quasi-banking license from the BSP.

However, BSP Memorandum No. M-2023-035 and Monetary Board Resolution No. 1598 dated 7 December 2023 extended the suspension of the regular application window for new EMI-NBFI licenses for non-bank financial institutions until 15 December 2024 except for new EMI-NBFI applicants with proposals involving (i) new business models, (ii) unserved, targeted niches, and/or (iii) new technologies may request for exception under the Test-and-Learn / Regulatory Sandbox Framework (“Sandbox”).

(ii) **Regulatory Sandbox Framework**

a. **Bangko Sentral ng Pilipinas**

Under BSP Circular No. 1153, a regulatory sandbox is defined under the Circular as “a controlled, time-bound, live testing environment, which may feature regulatory waivers xxx [that] involve limits or parameters within which participants must operate.”

Fintech companies test their products/services in a controlled environment – consisting of select groups of consumers with whom these fintech startups may interact – under the supervision of BSP’s Sandbox Oversight Team.

Under the Circular, the applicants should offer the following financial solution to be able to participate in the regulatory sandbox:

- 1) Uses new or emerging technology or innovatively utilizes an existing technology, or,
- 2) Bridges a market gap in the delivery of financial products/services. The financial solution must be supported by research that shall be part of the documents submitted to the BSP.

The BSP, in the course of its evaluation, reserves the right to reject an application based on the merits of the submitted documents and representations, without prejudice to the filing of a new application after a six-month cooling-off period.

Those who are eligible will be allowed to test their proposed innovation following the BSP-approved test plan which shall be suited to the features of the proposed innovation/solution. Specific regulatory requirements may be relaxed during the testing period in accordance with the test plan. Once the test plan is approved, the BSP will issue a Letter to Proceed with the Test Implementation.

From there, the Testing Implementation Phase commences, with testing duration ranging from 3 to 12 months from the go-live date, depending on the complexity of the proposed solution. After the testing stage, a comprehensive evaluation of the whole experimentation shall take place as part of the exit procedures. The participants must comply with the reportorial requirements mandated by the BSP to establish the necessary information and final results of the experimentation.

Participants whose sandbox activities are assessed as successful and whose products or services are deemed fit for public consumption may apply to operate and offer for public use and consumption the proposed product or service that was subjected to the sandbox activity. The Sandbox Oversight Team shall endorse for approval the product or service that resulted in successful sandbox testing. The pertinent requirements and processing timelines for the issuance of an authority to offer electronic products and financial services shall apply for this purpose. However, the approving authorities in the BSP reserve the right to approve or disapprove the proposed product or service despite the successful sandbox testing.

¹ <https://documents1.worldbank.org/curated/en/099090823143514731/pdf/BOSIB0b80b9cfc058098b2091dce8012d59.pdf>

² <https://www.bsp.gov.ph/Pages/InclusiveFinance/2023NSFIAnnualReport.pdf>

b. Securities and Exchange Commission – PhiliFintech Innovation Office (PhiliFINNO)

The SEC established the PhiliFINNO to serve as the first point of contact for Fintechs that are applying for registration or existing Fintechs introducing new products and to formulate and execute regulatory responses to Fintech issues. Furthermore, the SEC issued Memorandum Circular No. 9, series of 2024 institutionalized the SEC Strategic Sandbox (Stratbox) under the PhiliFINNO.

Under said Circular, the SEC may periodically post and maintain on its website sandbox activity guidelines, which will include eligible activities and innovations that may be allowed to enter and operate within the regulatory sandbox framework. Upon acceptance into the Regulatory Sandbox program, eligible participants may be granted regulatory relief, subject to the conditions specified in the implementing guidelines.

Similar to the BSP Sandbox Regulatory Framework, the Sandbox Process will go through the Application stage, Evaluation stage, Testing stage, and Exiting Stage. Lastly, Sandbox Participants who graduated from the regulatory sandbox may formally submit to the SEC an application for the required license to offer the financial product or service to the public at large, with the endorsement of the Sandbox Committee through the completion certificate, subject to the issuance of special rules allowing the registration of the said activity.

(iii) Virtual Asset Service Provider

Under BSP Circular No. 1108, Virtual Assets (“VA”) and VASP are defined as follows:

- a. *Virtual asset* refers to any type of digital unit that can be digitally traded, or transferred, and can be used for payment or investment purposes. It can be defined as a “property”, “proceeds”, “funds”, “funds or other assets”, and other “corresponding value”. It is used as a medium of exchange or a form of digitally stored value created by agreement within the community of VA users. VAs are broadly construed to include digital units of exchange that (i) have a centralized repository or administrator; (ii) are decentralized and have no centralized repository or administrator; or (iii) may be created or obtained by computing or manufacturing effort. VAs are not issued nor guaranteed by any jurisdiction and do not have legal tender status.

Digital units of exchange that are used for (i) the payment of goods and services solely provided by its issuer or a limited set of

merchants specified by its issuer (e.g., gift checks); or (ii) the payment of virtual goods and services within an online game (e.g., gaming tokens) shall not be considered as VAs. Also, virtual currencies as previously defined in Bangko Sentral Circular No. 944 (Guidelines for Virtual Currency Exchanges) shall now be referred to as VAs.

- b. *Virtual Asset Service Provider (VASP)* refers to any entity that offers services or engages in activities that provide facility for the transfer or exchange of VA, which involve the conduct of one or more of the following activities:

- (1) exchange between VAs and fiat currencies;
- (2) exchange between one or more forms of VAs;
- (3) transfer of VAs; and
- (4) safekeeping and/or administration of VAs or instruments enabling control over VAs.

As a derivative of EMI licenses, a VASP license holder may also operate international and local remittance and payment functions subject to compliance with MSB and OPS requirements.

However, in BSP Memorandum No. M-2022-035, BSP closed the regular application window for new VASP Licenses for three years from 1 September 2022, subject to reassessment. Nevertheless, existing BSP Supervised Financial Institutions who wish to expand operations by offering VASP services may still apply for a license.

(iv) Operator of a Payment System

Section 4 (1) of RA 11127 defines an operator of a payment system as “any person who provides clearing or settlement services in a payment system, or defines, prescribes, designs, controls or maintains the operational framework for the system.” Section 4 (p) of the same law provides that a Payment System is “the set of payment instruments, processes, procedures and participants that ensures the circulation of money or movement of funds.”

Subsequently, BSP issued Circular No. 1049 and defined an Operator of a Payment System as a person that performs any of the following functions:

- (a) Maintains the platform that enables payments or fund transfers, regardless of whether the source and destination of accounts are maintained within the same or different institutions;
- (b) Operates the systems or network that

enables payments or fund transfers to be made through the use of payment instruments;

- (c) Provides a system that processes payments on behalf of any person or the government; and
- (d) Performs such other similar activities, as may be determined by the Monetary Board.

All operators of payment systems (OPS) are obliged to comply with the regulations and guidelines set out by the BSP, especially BSP Circular No. 1127, series of 2021, on the Governance Policy for Operators of Payment System. All OPS are required to register with the BSP. Registered OPS that intend to operate within a designated payment system must secure prior approval from the BSP, which shall designate any payment system that:

- poses, or may pose, systematic risk that threatens the stability of the national payment system; or
- could have a major economic impact or undermine the confidence of the public in the national payment system.

(v) Merchant Payment Acceptance Activities

As part of its broader digital payments regulatory environment, the BSP issued Circular 1198 (2024). It defined merchant payment acceptance activities (MPAA) as referring to the set of services provided to a merchant to receive payment for the sale of goods and/or services. In general, services include merchant acquisition; providing the means to accept various payment instruments and collect, secure, transmit, and process payment information; and providing support services related to the payment.³ It defined merchant acquisition as the service of accepting and processing payment transactions on behalf of a merchant under an agreement, resulting in a transfer of funds to the merchant.⁴

BSP Circular 1198 seeks to ensure that OPS engaged in or intending to engage in MPAA in the Philippines adopt commensurate governance structures and appropriate measures to effectively manage risks attendant to their business model, including risks related to settlement, operations, information technology (IT), anti-money laundering and countering terrorism and proliferation financing and end-user (i.e. the merchant) protection. An OPS is considered engaged in MPAA in the Philippines if the OPS,

merchant, or both, are located in the Philippines.⁵

An OPS engaged or intending to engage in MPAA other than merchant acquisition shall register as OPS-MPAA with the BSP following Section 502 MORPS (which is Circular 1049). If the MPAA the entity is engaged in is specifically merchant acquisition, the entity is required to obtain a Merchant Acquisition License (MAL) “prior to engaging” in such activity. An OPS-MAL is not required to register as OPS and is considered compliant with the rules and regulations on the registration of OPS.⁶ Note however that one of the requirements for an OPS-MPAA intending to engage in merchant acquisition is an “Application for Registration as Operator of Payment System (OPS).” But for banks and EMI-NBFIs that intend to engage in merchant acquisition as part of their normal or allowed business operations, they need not apply for a separate MAL and prior BSP notification shall suffice.

(vi) Money Service Business

Section 4511N.1 of the Manual of Regulations for Non-Bank Financial Institutions (“MORNBF”) governs the registration and operation of non-bank entities engaged in Foreign Exchange Dealings / Money Changing and/or Remittance. Under said Section, Fintech companies may register as Remittance and Transfer Companies, which are defined as:

(a) Remittance and Transfer Company (RTC) - refers to any entity that provides Money or Value Transfer Services (MVTs). MVTs refers to financial services that involve the acceptance of cash, cheques, other monetary instruments, or other stores of value and the payment of a corresponding sum in cash or other form to a beneficiary using a communication, message, transfer, or through a clearing network. This includes the following:

- (1) Remittance Agent - refers to any entity that operates a remittance business network which includes any or combination of the following:

- (a) Remittance Direct Agent (RDA) - refers to any entity that is covered by a direct contracted remittance agreement or similar agreement to act on behalf of a third party engaged in remittance business.
- (b) Remittance Network Provider (RNP) - refers to any entity that provides a network of Remittance

³ BSP Cir 1198, s1
⁴ BSP Cir 1198, s1

⁵ BSP Cir 1198, s2
⁶ BSP Cir 1198 referring to MORPS Section 502 (which is BSP Cir 1049)

Sub-Agents to perform remittance services to RTC.

- (c) Such other similar entities as may be determined by the Monetary Board.

For this Section, entities already registered as an RA as herein defined shall be registered as such, notwithstanding whether they are also acting as Remittance Sub-Agent (RSA).

- (2) Remittance Platform Provider (RPP) – refers to any entity that provides a shared or common platform/IT infrastructure and maintains settlement accounts to provide funds for remittance transactions within its network.

(vii) **Electronic Financial and Payment Service**

Under Sec. 803 of the Manual of Regulations for Banks (MORB), Electronic Financial and Payments Service (EFPS), which shall require Bangko Sentral approval by Sec. 701 of the MORB, refer to BSP-supervised financial institutions (BSFI) products and/or services that enable consumers to carry out or initiate payments electronically, financial transactions and other related services through a point of interaction. To offer EFPS, BSFIs shall conform to the following requirements:

- (1) BSFIs shall make electronic payments available in all its delivery channels whenever applicable;
- (2) BSFIs shall enable its clients to move/receive funds to/from accounts with other BSFIs, or, at a minimum, receive funds. Movement of funds between BSFIs shall be carried out through participation in an ACH;
- (3) BSFIs shall immediately credit the account of its clients after receipt of clearing advice; and
- (4) BSFIs shall conform to Sec. 701, the IT Risk Management Standards and Guidelines on electronic banking, electronic payment, electronic money, and other electronic products and services provided in Appendix 79.

(viii) **Digital Banks**

Under BSP Circular No. 1105, series of 2020, a digital bank is defined as one that offers financial products and services that are processed end-to-end through

a digital platform and/or electronic channels with no physical branch/sub-branch or branch-lite unit offering financial products and services.

Under the Circular, a digital bank may perform any or all of the following services:

- a. grant loans, whether secured or unsecured;
- b. accept savings and time deposits, including basic deposit accounts as defined under Sec. 213;
- c. accept foreign currency deposits, as defined under R.A. No. 6426, as amended;
- d. invest in readily marketable bonds and other debt securities, commercial papers and accounts receivable, drafts, bills of exchange, acceptances, or notes arising out of commercial transactions;
- e. act as a correspondent for other financial institutions;
- f. act as collection agent for non-government entities;
- g. issue electronic money products subject to the guidelines provided under Sec. 702;
- h. issue credit cards;
- i. buy and sell foreign exchange; and
- j. present, market, sell, and service microinsurance products subject to the guidelines provided under Sec. 113-B.

However, BSP imposed a three-year moratorium and closed the application for a new Digital Bank License until August 2024. BSP will resume receiving applications this January 2025.

(ix) **Crowdfunding**

Given the recent financial innovation of raising funds for a venture or business using internet platforms, the SEC promulgated SEC Memorandum Circular No. 14, series of 2019 or the Rules and Regulations Governing Crowdfunding (Rules Governing Crowdfunding) under the Securities Regulation Code (SRC) and international practices standards.

The rules shall primarily govern the operations and use of equity-based and lending-based Crowdfunding (CF) by registered persons who participate in CF through an online platform.

Section 2 (a) of said Rules, defines *Crowdfunding* as the offer or sale of securities of a limited scale usually for start-ups, micro, small, and medium enterprises (MSMEs) done through an online electronic platform. Section 2 (b) of said Rules defines *Crowdfunding intermediary or intermediary* refers to a registered broker, investment house, or funding portal that mediates the offer and sale of crowdfunding securities through its online electronic platform. As expounded by the SEC, Crowdfunding

may be donation-based, reward-based, or lending-based.⁷ Lastly, under said rules, funding platforms, intermediaries and securities intended to be issued should be duly registered with the SEC subject to certain exemptions under the Securities Regulation Code.

(x) **Financing and Lending Companies**

Under R.A. 8556 or the Financing Company Act, Financing Companies are defined as corporations, except banks, investment houses, savings and loan associations, insurance companies, cooperatives, and other financial institutions organized or operating under other special laws, which are primarily organized to extend credit facilities to consumers and industrial, commercial, or agricultural enterprises, by direct lending or by discounting or factoring commercial papers or accounts receivable, or by buying and selling contracts, leases, chattel mortgages, or other evidence of indebtedness, or by financial leasing of movable as well as immovable property. They are regulated by the BSP. While under R.A. 9474, or the Lending Company Regulation Act, Lending Companies are defined as a corporation engaged in granting loans from its own capital funds or funds sourced from not more than nineteen (19) persons and shall not be deemed to include banking institutions, investment houses, savings and loan associations, financing companies, pawnshops, insurance companies, cooperatives, and other credit institutions already regulated by law. Lending companies are regulated by the SEC. In line with this, the SEC issued Memorandum Circular No. 19, series of 2019 requiring disclosures in advertisements and registration of Online Lending Platforms as business names. However, by virtue of SEC Memorandum Circular No. 10, series of 2021, the SEC imposed a moratorium on new online lending platform applications in the Philippines.

Related Regulations: (i) National QR Code

Under BSP Circular No. 1055 dated 17 October 2019, a Payment Service Provider is defined as entities that provides payment and financial services to end users. It includes banks and non-bank electronic money issuers. Moreover, by the BSP Memorandum No. M-2023-005, and Monetary Board Resolution No. 216 dated 16 February 2023, all payment service providers are now required to adopt the National QR Code Standard, or the “QR Ph” in QR-enabled payment services offered to end users.

⁷ https://www.sec.gov.ph/wp-content/uploads/2021/01/2021PressRelease_SEC-APPROVES-COUNTRY%E2%80%99S-FIRST-CROWDFUNDING-PORTAL-01072021.pdf

Related Regulations: (ii) Financial Products and Services Consumer Protection Act of 2022

Republic Act No. 11765 or the Financial Products and Services Consumer Protection Act of 2022 (FPSCPA) was enacted to ensure that appropriate mechanisms are in place to protect the interest of the consumers of financial products and services under the conditions of transparency, fairness, and sound market conduct, and fair, reasonable, and effective handling of financial consumer disputes, which are aligned with global best practices. In pursuance thereof, the SEC and the BSP enacted their respective Implementing Rules and Regulations (IRR) as can be gleaned from SEC Memorandum Circular No. 5, Series of 2023, and BSP Circular No. 1160, Series of 2023, respectively. In general, said IRRs institutionalize consumer protection risk management integration into a financial service provider’s enterprise-wide risk management processes and risk governance framework by imposing on the board and senior management oversight functions in identifying, measuring, monitoring, and mitigating financial consumer protection risks in their operations and requiring the Board to ensure the company’s adherence to the consumer protection standards of conduct.

Related Regulations: (iii) Broker-dealer and securities trading

Under Republic Act No. 8799 or the Securities Regulations Act, “Securities” are shares, participation, or interests in a corporation, a commercial enterprise, or a profit-making venture evidenced by a certificate, contract, or instruments, whether written or electronic in character. It includes:

- (a) Shares of stocks, bonds, debentures, notes evidences of indebtedness, asset-backed securities;
- (b) Investment contracts, certificates of interest, or participation in a profit-sharing agreement, certificates of deposit for a future subscription;
- (c) Fractional undivided interests in oil, gas, or other mineral rights;
- (d) Derivatives like options and warrants;
- (e) Certificates of assignments, certificates of participation, trust certificates, voting trust certificates, or similar instruments
- (f) Proprietary or nonproprietary membership certificates in corporations; and
- (g) Other instruments as may in the future be determined by the Commission.

In general, Securities to be sold or offered for sale or distribution within the Philippines, including those brokers and/or dealers offering the same, should be duly registered with the SEC.

Recently, the SEC has caused Binance and E-Toro to shut down their operations in the Philippines by issuing among others, a public advisory that these entities are NOT REGISTERED as a corporation in the Philippines and OPERATES WITHOUT THE NECESSARY LICENSE AND/OR AUTHORITY to sell or offer any form of securities as defined under Section 3.1 of the Securities Regulation Code (SRC), to engage in the business of buying or selling securities or as a broker or dealer as provided under Section 28 of the SRC, or to create or operate an exchange for the buying and selling of securities as provided under Section 32 of the SRC. These moves indicate a regulatory tightening in the cryptocurrency space insofar as exchanges are concerned even as the SEC's Digital Asset Exchange Rules⁸ remain to be a proposal.

Related Regulations: (iv) Cagayan Economic Zone Authority (CEZA)

CEZA is the governing body and the board of directors of the Cagayan Special Economic Zone and Free Port (CZESFP), which constitutes a separate customs territory covering the entire area embraced by the Municipality of Sta. Ana and the islands of Fuga, Barit, and Mabbag in the Municipality of Aparri, all in the province of Cagayan.⁹

Financial Technology Solutions and Offshore Virtual Currency Business (FTSOVCB) Activity

FTSOVCB Activity refers to any one of the following types of activities that take place outside the Philippines and require CEZA approval:

- a. The use of:
 - i. Digital Ledger Technology for storing or transmitting value¹⁰ belonging to others.
 - ii. Any other software, systems, and platforms for the creation and delivery of financial technology products and solutions
- a. The conduct of:
 - i. VC-based transactions, such as, but not limited to:
 1. Receiving Virtual Currency (VC)¹¹ for transmission or transmitting virtual currency;
 2. Storing, holding, or maintaining custody or control of VC on behalf of others;

3. Trading or buying and selling VC as a customer business;
4. Performing offshore exchange services as a customer business; or controlling, administering, or issuing a VC.
 - i. An intermediary, brokerage, or agency service for the acts described in (i);
 - ii. Management or custody of a fiat currency or VC on behalf of the users or recipient about the acts described in (i) and (ii).
- b. The maintenance of data centers within the CSEZFP to service FTSOVCE operations contemplated herein.¹²

Digital Asset and Token Offerings

The Rules on Digital Asset and Token Offerings (CEZA DATO Supplemental Rules) is a supplement to the CEZA FTSOVCB Rules and Regulations of 2018 which shall apply to (1) any person who intends to offer Digital Assets to the public and is acting in the capacity of an Issuer; and (2) to the extent set out under the Rules, to any Digital Asset (DA) Agent, Expert or Relevant person.¹³

The Rules cover the offer of the various products, innovations, or digital instruments that figure in the digital economy of today and of the future – all of which are captured by the Rules-specific concept of a “Digital Asset.” As defined under the Rules, a DA refers to “a uniquely identifiable electronic representation of value, property or chattel, the conferral, storage, and transfer of which is recorded electronically including by transmission of electronic information or adjustment of an electronic record” and which is any or a combination of (i) a Virtual Currency; (ii) an Asset Token; and/or (iii) a Utility Token, all as defined thereunder. However, DAs do not include electronic representations of value that are part of an affinity or rewards program or those used in online games or gaming platforms. Different rules and requirements for registration may apply.

Related Regulations: (v) Regulation of Value-Added Services

The delivery of financial services through mobile applications or online platforms generally falls under the definition of value-added services that are subject to National Telecommunications Commission (NTC) regulation, according to the Philippines’ Public Telecommunications Policy Act.

¹² Id. at Section 4.
¹³ Section 1. 02, Rules on Digital Asset and Token Offerings (Supplemental Rule to the Financial Technology Solutions and Offshore Virtual Currency Business Rules and Regulations of CEZA of 2018).

Value-added services are broadly defined as “services which add a feature or value to basic telephone service not ordinarily provided by a public telecommunications entity such as format, media, conversion, encryption, enhanced security features, paging, internet protocol, computer processing and the like”.

The NTC considers value-added services as enhanced services beyond those ordinarily provided by carriers or telecommunications entities. Applications services, including all types of applications delivered to and/or accessed by users or subscribers – such as mobile banking, electronic payments, point-of-sale service, and similar applications – are among those categorized by the NTC as value-added services.

Related Regulations: (vi) Bureau of Internal Revenue Revenue Regulation 16, series of 2023

All online sellers/ merchants, whose annual total or cumulative gross remittances are Php 500,000.00 or lower and not otherwise exempt by law or treaty, selling their goods or services through an e-marketplace operator is subject to a 1% on ½ withholding tax based on gross remittances or total money remitted by the e-marketplace operator to the sellers/merchants.

3. INNOVATION

R.A. No. 11293 or the Philippine Innovation Act and its IRR.

R.A. No. 11293 or the Philippine Innovation Act aims to promote a culture of strategic planning and innovation to encourage creative thinking and knowledge creation and dissemination towards expanding and maintaining economic competitiveness. It strengthens the position of Micro, Small, and Medium Enterprises (MSMEs) by removing obstacles to innovation by suppressing bureaucratic hurdles such as red tape and adopting a regulatory framework that supports the creation of and diffusion of new knowledge, products, and processes.¹⁴

The Philippine Innovation Act likewise created the National Innovation Council (NIC), which develops the country’s innovation goals, priorities, and long-term national strategy.¹⁵ The NIC is likewise tasked to develop a National Innovation Agenda and Strategy Document (NIASD), which shall establish the country’s vision and long-term goals for innovation and provide the roadmap and the strategies for improving innovation governance through clear-cut delineation and complementation of innovation efforts across agencies; deepening and accelerating innovation efforts, including inclusive innovation

¹⁴ Philippine Innovation Act, Section 4.
¹⁵ Philippine Innovation Act, Section 6.

programs that are targeting the poorest of the poor; and integrating and fostering public-private partnerships, including those with large businesses, MSMEs, academe, and research, development and extension (RD&E) institutions.¹⁶

Innovation Development Credit and Financing. An innovation development credit and financing program shall be developed to generate and scale up innovation in accordance with the NIASD. Innovation development credit, as used herein, shall consist of loans and other financing activities for purposes of including the development of new technologies, product innovation, process innovation, organizational innovation, and marketing innovation.¹⁷

Credit Quota. All banking institutions, whether government or private, shall set aside at least four percent (4%) of their total loanable funds for innovation development credit, subject to the following qualifications:

1. The loanable funds shall refer to funds generated from the effectivity of the Philippine Innovation Act;
2. Innovation development loans benefitting agricultural sector workers and businesses shall be considered as part of the compliance with the credit quota requirement of R.A. No. 10000 or the Agri-Agra Reform Credit Act of 2009;
3. The four percent (4%) credit quota is subject to joint review by the NIC and the BSP after three (3) years of implementation to determine whether the law has been effective in accomplishing its goals.¹⁸

NEDA-DBM Joint Memorandum Circular (JMC) No. 2023-01. For the effective implementation of R.A. No. 11293, the NEDA authorized the appropriation of an amount of One Hundred Million Pesos (Php 100,000,000.00) to be used for the issuance of grants for innovation programs, activities, and projects.¹⁹

The JMC shall apply to innovation grants for programs, activities, and projects that work on promoting and implementing all potential types and sources of innovation (product, process, organizational, social, marketing, academic, educational, or policy) proposed by an agency of the government.²⁰

¹⁶ Philippine Innovation Act, Section 9.
¹⁷ Philippine Innovation Act, Section 22.
¹⁸ Philippine Innovation Act, Section 23.
¹⁹ 1.0, NEDA-DBM Joint Memorandum Circular No. 2023-01.
²⁰ 3.0, NEDA-DBM Joint Memorandum Circular No. 2023-01.

⁸ https://www.sec.gov.ph/wp-content/uploads/2019/10/2019Notice_RulesinDigitalAsset.pdf

⁹ Id. at Section 3.

¹⁰ Value for the purpose of this subsection shall refer to assets, holdings and other forms of ownership, rights or interests, with or without related information, such as agreements or transactions for the transfer of value or its payment, clearing or settlement.

¹¹

Proponents and eligibility requirements under the JMC. A proponent is an agency of the government that intends to submit or has submitted a proposal for an innovation grant.²¹ The following are the proponent's eligibility requirements: (i) An agency of the government, including departments, bureaus, offices, other government instrumentalities, LGUs, SUCs, constituent units, or GOCCs, capable of receiving and managing grants; (ii) Attached agencies, regional offices, and operating units are eligible to submit a proposal separate from their respective central offices or parent agencies provided they met all the required criteria.²²

Types of funding support under the JMC. Funding support can be provided to new or existing programs, activities, and projects implemented by an agency of the government, that qualify for innovation grants, which include, but are not limited to the following:

- MSME innovation programs;
- Innovation centers and business incubators;
- Regional innovation and cluster policy;
- Strategic research, development, and extension programs;
- Innovation instruments;
- Diaspora for innovation and development;
- Advocacy and community education; or
- Other related innovation development activities.²³

The following may also qualify for innovation grants, in which the applicants may choose to combine elements from each as they deem relevant²⁴ (i) Pre-commercialization, Commercialization, or Diffusion Projects; (ii) Innovation Facilities and Services; (iii) Innovation Culture Promotion; (iv) Innovation Policy Research.

The funding support threshold for the implementation of new or existing innovation-related programs, activities, and projects shall not exceed five million pesos (Php 5,000,000.00)²⁵

R.A. No. 11337 or the Innovative Startup Act. R.A. No. 11337 or the Innovative Startup Act (ISA) aims to encourage the establishment and operation of innovative new businesses, businesses crucial to their growth and expansion, and develop an ecosystem

of businesses, government, and non-government institutions that foster an innovative entrepreneurial culture in the Philippines by providing incentives and removing constraints.²⁶

A Startup is any person or entity registered in the Philippines that aims to develop an innovative product, process, or business model. A person refers to a natural person who may be a Filipino citizen or a foreign national. An entity refers to a juridical person registered in the Philippines, including but not limited to, sole proprietor, company, partnership, joint venture, cooperative, or association.²⁷ Startup Enabler refers to any person or registered entity in the Philippines registered under the Philippine Startup Development Program that provides goods, services, or capital identified to be critical in supporting the operation and growth of startups by the DTI in consultation with DOST, DICT, and pertinent government and non-government organizations (NGOs).²⁸

Startups and/or startup enablers who have passed the host agencies' (i.e., DOST, DTI, DICT, or other national government agency, local government unit, or public academic institution that provides programs, benefits, and incentives to startups or startup enablers, subject to an application or selection process)²⁹ selection and application process are entitled to the following benefits:

- a. Full or partial subsidy for the registration and cost in the application and processing of permits and certificates required for the business registration and operation of an enterprise with the appropriate local or national government agencies;³⁰
- b. Endorsement of the host agency for the expedited or prioritized processing of applications with other government agencies;³¹
- c. Endorsement to the Intellectual Property Office of the Philippines (IPOPHL) for appropriate assistance and expedited intellectual property registration and protection, consistent with the law and existing rules and regulations;³²
- d. Endorsement to the Department of Foreign Affairs (DFA) for the expedited processing of appropriate visas;³³

- e. Full or partial subsidy for the use of facilities, office space, equipment, and/or services provided by government or private enterprises or institutions;³⁴
- f. Full or partial subsidy in the use of repurposed government spaces and facilities of the host agency as the registered business address;³⁵ and
- g. Grants-in-aid (GIA) for research, development, training, and expansion projects.³⁶

Benefits and Incentives. The host agencies shall provide benefits and incentives to startups who have passed their selection and application process. These benefits and incentives are:

- a. Full or partial subsidy for the registration and cost in the application and processing of permits and certificates required for the business registration and operation of an enterprise with the appropriate local or national government agencies;
- b. Endorsement of the host agency for the expedited or prioritized processing of applications with other government agencies;
 - (i) Endorsement to the Intellectual Property Office of the Philippines (IPOPHL) for appropriate assistance and expedited intellectual property registration and protection, consistent with the law and existing rules and regulations;
 - (ii) Endorsement to the Department of Foreign Affairs (DFA) for the expedited processing of appropriate visas;³⁷
- c. Full or partial subsidy for the use of facilities, office space, equipment, and/or services provided by government or private enterprises or institutions;
- d. Full or partial subsidy in the use of repurposed government spaces and facilities of the host agency as the registered business address; and
- e. Grants-in-aid (CIA) for research, development, training, and expansion projects.³⁸

DICT's Private Express and/or Messenger Delivery Services (PEMEDES) License. Under Section 1, Rule 4 of Department of Transportation and Communications (DOTC) Department Circular (DC) No. 2001-01 as adopted by DICT via Department Order (DO) No. 001, series of 2017, the application for new Authority to operate PEMEDES may be led by any Filipino citizen or a corporation or partnership duly registered with the Securities and Exchange Commission (SEC) with at least sixty percent (60%) of whose capital stock or shares is owned by Filipino Citizen/s.³⁹

Artificial Intelligence. In May 2021, the Department of Trade and Industry launched the country's Artificial Intelligence (AI) Roadmap which contains four major dimensions for AI readiness, namely: (1) Digitization and Infrastructure, (2) Research and Development, (3) Workforce Development, and (4) Regulation. These dimensions are then supported by seven (7) measurable strategic imperatives and forty-two (42) strategic tasks. Under the "workforce" dimension, the strategic imperatives are to transform education and nurture future AI talents, and upskill and reskill the workforce.

In line with this, the country has recently enacted Republic Act No. 11927, the Philippine Digital Workforce Competitiveness Act, which seeks to enhance the skills and competitiveness of the Philippine workforce in human, and digital technology and innovations in light of the transformation in the world of work due to rapid acceleration of digitalization and advances in technologies such as artificial intelligence and automation across range of industries and sectors. Towards this end, it seeks to enter into public-private partnerships with stakeholders in the formulation and implementation of training, skills development, and certification programs, covering areas, including web development and designing, animation, mobile application development; search engine optimization, and virtual assistance, among others. For another, the country also enacted Republic Act 11899, the Second Congressional Commission on Education Act II, which seeks to put education at the center of the development policies of the state. Towards this end, the law institutionalizes educational reforms necessary to meet the new challenges to education, such as the implementation of alternative learning and delivery modes for basic education, higher education, and post-secondary technical-vocational education and training as part of the adjustments and responses to the global pandemic, and the advent of the Fourth Industrial Revolution characterized, among others,

21 4.7, NEDA-DBM Joint Memorandum Circular No. 2023-01.
 22 5.0, NEDA-DBM Joint Memorandum Circular No. 2023-01.
 23 6.1, NEDA-DBM Joint Memorandum Circular No. 2023-01.
 24 6.2, NEDA-DBM Joint Memorandum Circular No. 2023-01.
 25 7.0, NEDA-DBM Joint Memorandum Circular No. 2023-01.

26 Innovative Startup Act, Section 2.
 27 ISA-IRR, Rule 2, Section 1(i).
 28 ISA-IRR, Rule 2, Section 1(j).
 29 Innovative Startup Act, Section 3(a).
 30 Innovative Startup Act, Section 7(a).
 31 Innovative Startup Act, Section 7(b).
 32 ISA-IRR, Chapter 2, Rule 1, Section 1(c).
 33 ISA-IRR, Chapter 2, Rule 1, Section 1(d).

34 Innovative Startup Act, Section 7(c).
 35 Innovative Startup Act, Section 7(d).
 36 Innovative Startup Act, Section 7(e).
 37 Section 1, Rule 1, Chapter 2, Implementing Rules and Regulation of R.A. No. 11337.
 38 Section 7, R.A. No. 11337.

39 <https://dict.gov.ph/wp-content/uploads/2024/04/DICT-Citizens-Charter-2024-1st-Edition.pdf>

by digital revolution or the rapid development of information technology such as artificial intelligence, automation, data analytics, blockchain data sharing, quantum computing, and internet of things analytics.

Another important dimension of the AI Roadmap is “regulation” under which a human-centric approach⁴⁰ is currently the prevailing approach by the government. This human-centric approach is aligned with the EU and UK’s approach to AI, as reflected in the Bletchley Declaration signed by the EU and 28 other countries including the Philippines. Under this Declaration, “AI should be designed, developed, deployed, and used, in a manner that is safe, in such a way as to be human-centric, trustworthy and responsible.” Before, a proposed bill had been filed in the House of Representatives (House Bill 7913) seeking to create an “AI Bill of Rights” which includes the right to be protected from unsafe and ineffective AI systems, the right against algorithmic discrimination, the right to privacy, right to know, and right to remedy. Another similar bill is likewise filed (House Bill 7396) which, while promoting the advancement of artificial intelligence also seeks to ensure that its development and deployment are aligned with national priorities, socially responsible, and respectful of human rights.

Proposed Regulations. Lastly, the following proposed regulations should be closely monitored:

(a) Senate Bill 1663 or the Fintech Crime Prevention Act of 2023 was filed for the government to undertake measures to protect all persons from falling prey to the various cybercrime schemes by regulating the use of bank accounts, electronic wallets (e-wallets), and other financial accounts, and preventing their use in fraudulent activities. Said Bills criminalizes (i) acting as a Money Mule or a person who obtains, receives, acquires, or transfers or withdraws money, funds, or proceeds derived from crimes, offenses, or social engineering schemes, on behalf of others, in exchange for commission or fee; and (ii) Social Engineering Schemes or the use of deception or fraudulent means to obtain confidential or personal information, including sensitive identifying information, of another entity. This includes phishing and any of its variations including but not limited to vishing, smishing, as well as other similar forms of deception.

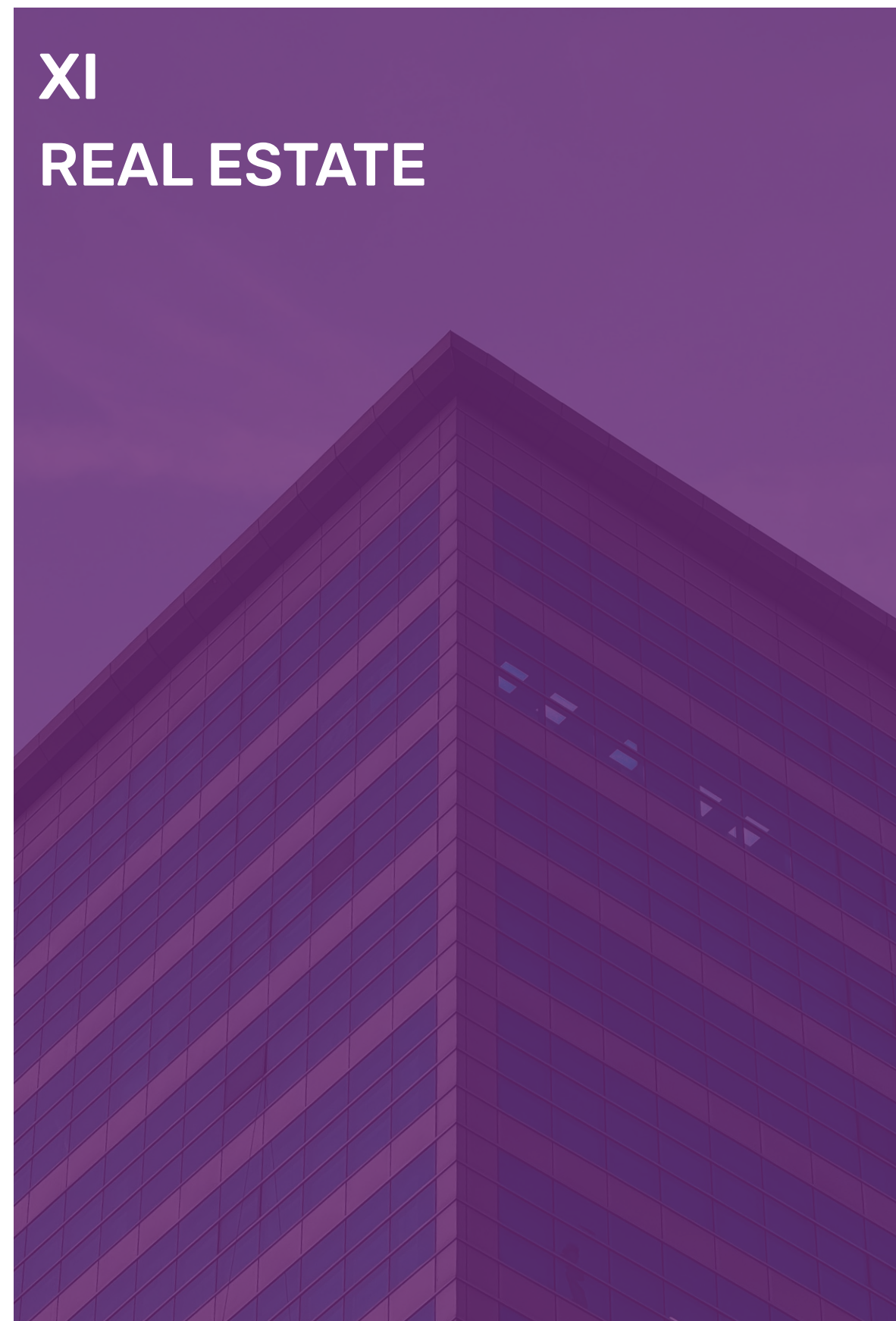
(b) Senate Bill 1710 or the Expanded Banking Services Act was filed enabling banks to expand service delivery channels through cash agents. Cash agents, as defined, refer to a third-party person with either a (i) retail outlet such as but not limited to convenience

stores, pharmacies, and other highly accessible retail outlets contracted to deliver bank services or (ii) an e-wallet operating system. Moreover, a duly authorized Cash Agent may perform any or all of the following bank transactions/services:

- (a) Accept and disburse cash on the bank’s behalf in connection with the following self-service transactions of customers:
 - i. Deposit and withdrawal transactions performed by the customer on one’s bank account;
 - ii. Fund transfers performed by the customer;
 - iii. Bills payment; and
 - iv. Payments due to government institutions, such as contributions to the Social Security System and premiums payable to the Philippine Health Insurance Corporation, PAG-IBIG, and others;
- (b) Collect and forward applications for opening a savings account;
- (c) Forward loan application documents to the Contracting Bank;
- (d) Perform Initial Customer Identity Verification:
 - i. Conduct customer due diligence (CDD) investigations in opening low transactional and low risk accounts or accounts subject to deposit and transactional limits;
 - ii. Prevent anti-money laundering and countering financing of terrorism activities; cash; banks;
- (e) Other transactions:
 - i. Payment (including loan repayments) using credit and debit cards, checks, and
 - ii. Transfers between bank accounts including those to be remitted to other
 - iii. Balance inquiries; and
 - iv. Check encashment.

40 Peter A. Sy, Developing an AI Governance Framework for the Philippines: a Report of Preliminary Stakeholder Consultations and Review of the Literature

XI REAL ESTATE



REAL ESTATE

The Regulatory Landscape for Real Estate in the Philippines

The Philippine real estate sector operates within a complex legal framework that seeks to balance national interests with opportunities for productive foreign investments. In recent years, the Philippine property market has seen a significant influx of foreign capital, driven by growing demand for residential, commercial, and industrial spaces. Meanwhile, the continued growth of key industries like information technology and business process management, along with proactive government initiatives, will likely sustain the sector's expansion. These reinforce the Philippines' position as a promising destination for real estate investment.

Real estate transactions

The Civil Code of the Philippines (Republic Act No. 386) is the cornerstone of property laws. It elaborates on property rights and transactions applicable to both individual and commercial property dealings.

The Civil Code provides the requirements for valid and enforceable transfer of ownership and other real rights over real estate. The sale of real property or the lease of such property for more than one (1) year must be in writing to be enforceable.¹ Additionally, contracts that create, transmit, modify, or extinguish real rights over real property must be executed in a public document to be valid against third parties.² A public document refers to a legal instrument acknowledged before a notary public or executed by competent public officials, which lends authenticity and makes the document admissible in court without further proof of its due execution.³

Foreign participation in Philippine real estate

The 1987 Philippine Constitution serves as the fundamental legal framework that governs property rights in the country. A key component of this framework is the Bill of Rights, which explicitly safeguards private property, affirming that no person shall be deprived of property without due process of law.⁴

While private property is protected, the 1987 Constitution also underscores the primacy of national interest and sovereignty. This is reflected in various provisions that regulate property ownership, especially in terms of private land. Thus, the Constitution restricts ownership of private land to Filipino citizens and corporations that are considered Philippine nationals. Nevertheless, foreign nationals and foreign entities may acquire indirect ownership of private lands in the Philippines by holding up to forty percent (40%) of the capital stock of Philippine corporations.⁵ Under the Foreign Investment Act (Republic Act No. 7042, as amended), a corporation qualifies as a Philippine national if at least sixty percent (60%) of its voting capital stock is owned by Filipino citizens.⁶

Alternatively, foreigners may own condominium units. The Condominium Act (Republic Act No. 4726) permits foreigners to invest in a condominium project up to forty percent (40%).⁷ A condominium is an interest in real property consisting of a separate interest in a unit in a residential, industrial, or commercial building and an undivided interest in common, directly or indirectly, in the land on which it is located and in other common areas of the building. A condominium may include, in addition, a separate interest in other portions of such real property.⁸

The foregoing restrictions on ownership of land and condominium projects do not apply to ownership of other types of real property, such as buildings or other improvements on land. Thus, foreigners can own such other types of real property.

Foreign investors are also allowed to lease private lands for a period of fifty (50) years, which may be renewed for not more than twenty-five (25) years.⁹ Under the Investor's Lease Act (Republic Act No. 7652), foreign investors may lease private lands provided that the leased area will be used solely for the investment.¹⁰ Any interruption in the operation of the foreign investment must not exceed three (3) consecutive years.¹¹ For tourism projects, the lease shall be limited to projects with an investment of not less than five million US dollars (USD5M), seventy percent (70%) of which shall be infused into said project within three (3) years from the signing of the

lease contract.¹² Any lease under the Investors' Lease Act must be registered with the Department of Trade and Industry.¹³

Foreign investors may also invest in real estate investment trusts (REITs) in the Philippines, subject to the 40% cap on foreign ownership of a REIT's outstanding capital stock, as provided under the Real Estate Investment Trust (REIT) Act of 2009 (Republic Act No. 9856).¹⁴ REITs own income-generating real estate assets¹⁵, thereby allowing exposure to a diversified portfolio of real properties, such as office buildings, malls, hotels, and infrastructure. One of the key benefits of REITs is their liquidity. Being publicly listed on the Philippine Stock Exchange,¹⁶ REIT shares can be easily bought and sold, providing investors with flexibility and ease of access to their investments. REITs also provide investors with the benefit of professional management, ensuring expert oversight of property acquisition, leasing, and maintenance, which reduces the complexities and time commitment of direct real estate ownership.

Land Registration System

The Property Registration Decree (Presidential Decree No. 1529) and the Land Registration Act (Act No. 496) regulate land registration processes in the Philippines, which employ the Torrens system of land registration. The Torrens system guarantees the integrity of land titles and protects their indefeasibility once the claim of ownership is established.¹⁷ A person who is dealing with registered land need not go beyond the face of the title and will only be charged with notice of the burdens and claims that are annotated on the title.¹⁸

An owner of registered land may convey, mortgage, lease, or otherwise deal with the same in accordance with existing laws. In such cases, the instrument evidencing the transaction is registered with the Registry of Deeds of the locality where the property is situated.¹⁹ Registration is the operative act to convey or affect the land insofar as third persons are concerned and shall constitute constructive notice to all persons from the time of registration.²⁰ In case of transfer of ownership, the OCT will be canceled, and a

Transfer Certificate of Title will be issued to the new registered owner.²¹ In case of a lease, mortgage, or any other type of encumbrance, the transaction will be annotated on the Certificate of Title.²²

The Torrens System is also adopted for registration of ownership or interest over condominium units. Each unit is issued a separate certificate of title, known as a Condominium Certificate of Title.

On the other hand, there is no separate registration system for titles to other types of "real estate." However, if a person other than the landowner constructs a building or other improvement on registered land—whether through a lease agreement or some other legal right—such person may have their ownership over the building or improvement annotated on the Certificate of Title covering the land. In the absence of such an annotation, a rebuttable presumption arises that the landowner also owns the buildings or improvements on their land.

Zoning Regulations

In the Philippines, zoning and land use regulations are implemented and enforced by local government units (LGUs), which include barangays, municipalities, cities, and provinces. These regulations are enacted through local ordinances, which classify land within the LGU's jurisdiction into specific zones, such as residential, commercial, industrial, agricultural, or institutional areas.²³ Each zone is governed by unique regulations specifying allowable activities, building standards, and other conditions to ensure orderly development and sustainable use of land resources.

This decentralized system of land use governance was institutionalized under the Local Government Code (Republic Act No. 7160), which grants LGUs the authority to enact and implement zoning ordinances tailored to the specific needs and circumstances of their communities. This autonomy allows LGUs to address local priorities, such as accommodating urban growth, promoting economic development, preserving cultural heritage, and protecting the environment.

Real Estate Taxation

LGUs are also responsible for assessing and collecting real estate tax, which is payable every January 1.²⁴ The tax rate depends on the rate imposed by the LGU within its jurisdiction through an ordinance. The real

5 Section 7 in relation to Section 2, Article XII, 1987 Constitution.
6 Section 3(a), Republic Act No. 7042, as amended.
7 Section 5, Republic Act No. 4726.
8 Section 2, Republic Act No. 4726.
9 Section 4, Republic Act No. 7652.
10 Section 4, Republic Act No. 7652.
11 Section 3, Republic Act No. 7652.

12 Section 5, Republic Act No. 7652.
13 Rule III, Implementing Rules and Regulations of Republic Act No. 7652.
14 Section 6, Republic Act No. 9856.
15 Section 3(cc), Republic Act No. 9856.
16 Section 5, Republic Act No. 9856.
17 Cagatao v. Almonte, G.R. No. 174004, 9 October 2013.
18 Cagatao v. Almonte, G.R. No. 174004, 9 October 2013.
19 Section 51, P.D. No. 1529.
20 Section 51, P.D. No. 1529.

21 Section 57, P.D. No. 1529.
22 Section 61, P.D. No. 1529.
23 Sections 447(a)(ix) and 458(a)(ix), Republic Act No. 7160.
24 Section 246, Republic Act No. 7160.

estate tax is imposed on the assessed value of the real property, which is determined by the local assessor of each LGU.²⁵ The recently enacted Real Property Valuation and Assessment Reform Act (Republic Act No. 12001) (“RPVARA”) standardized property valuation across the Philippines. All real properties shall be appraised based on prevailing market values in conformity with the standards adopted by the Bureau of Local Government Finance.²⁶ Notably, RPVARA granted real property tax amnesty for two (2) years from the effectivity of the law.²⁷

On the other hand, real property transfers are taxed by both the national government and the LGUs.

The national government, through the Bureau of Internal Revenue (BIR), imposes taxes on income derived from the sale of real property, such as capital gains tax or income tax, depending on whether the property is classified as a capital or ordinary asset. Gains from capital assets, which are typically held for investment purposes, are subject to a flat tax rate.²⁸ In contrast, properties held for sale or used in business are treated as ordinary assets and taxed based on the applicable income tax rates.²⁹ Real estate transactions are also subject to documentary stamp tax based on the higher of the property’s fair market value or the actual consideration.³⁰ In certain cases, value-added tax may be imposed, particularly when the property is held for sale or used in business.³¹

LGUs, particularly provinces and cities, impose tax on real property transfers based on fair market value or the total consideration, whichever is higher.³²

The Registry of Deeds shall require proof of payment of the taxes before registering any deed. The buyer will have to submit to the Registry the Certificate Authorizing Registration issued by the BIR and evidence of payment of the transfer tax to the LGU.

25 Section 233, Republic Act No. 7160.

26 Section 5(a), Republic Act No. 12001.

27 Section 30, Republic Act No. 12001.

28 Sections 24(D), 25(A)(3), 27(D)(5), and 28(A)(6)(c), National Internal Revenue Code.

29 Section 32(A)(3), National Internal Revenue Code.

30 Section 196, National Internal Revenue Code.

31 Section 105, National Internal Revenue Code.

32 Section 135, Republic Act No. 7160.



XII MINING



DIGGING DEEPER INTO PHILIPPINE MINING LAWS

The Philippines is known for its abundant mineral resources. This is attributed to its location along the Circum-Pacific Ring of Fire, a region known for its significant mineral deposits and active tectonic activity. This geological position makes the Philippines abundant in various valuable minerals, including gold, copper, nickel, chromite, iron, and other industrial minerals. According to the Mines and Geosciences Bureau (MGB), as of 30 June 2024,¹ out of the 30 Million hectares total land area in the Philippines, 9 Million hectares, were identified as having high mineral potential. Only 755,960.10 hectares were covered by mining tenements as of 30 June 2024.

The country holds significant mining potential, making its industry a promising and profitable sector. The mining industry also largely contributes to economic development, as the minerals extracted are vital for producing a wide array of everyday products.

The Legal Landscape

Philippine mining laws balance the need to derive benefits from the country's mineral resources with environmental protection, social equity, and the rights of local communities, particularly indigenous peoples. It also places utmost importance on ensuring that the minerals are optimized for the benefit of the Filipino people.

The 1987 Philippine Constitution ingrains the state policies that define Philippine mining laws. In particular, Section 2, Article XII of the Constitution states that all minerals are owned by the State. The exploration, development, and utilization shall be under full control and supervision of the State. However, it may enter into co-production, joint venture, or production-sharing agreements with Filipino citizens or with corporations or associations with at least sixty percent (60%) Filipino-owned capital. These agreements are limited to a period of twenty-five (25) years, renewable for not more than twenty-five (25) years. Foreign-owned corporations may enter into agreements with the President involving technical or financial assistance for large-scale exploration, development, and utilization of minerals. Small-scale utilization is, however, reserved for Filipino citizens.

The primary legislation on mining operations and

related rights is Republic Act (RA) No. 7942 or the *Philippine Mining Act of 1995*, and its implementing rules and regulation, Administrative Order No. 2010-21 dated 28 June 2010. It lays down the conditions, restrictions, regulatory system, and incentives for the exploration, development, and utilization of mineral resources.

A notable feature of the Philippine Mining Act is its recognition of the rights of the indigenous community in their ancestral domain as it requires the prior consent of the indigenous cultural community before any mining operations. This is bolstered in RA No. 8371 or the Indigenous People's Rights Act, which provides, among others, that the Indigenous people shall have priority rights in the extraction, development, or exploitation of any natural resources within their ancestral domains, and requires the formal and written agreement of the Indigenous cultural community in the development and utilization of the natural resources in their ancestral domain.

Small-scale mining is governed by RA No. 7076 or the People's Small-scale Mining Act of 1991 and Presidential Decree No. 1899 issued on 23 January 1984. Consistent with the Constitution, small-scale mining is limited to Filipino citizens.

Environmental protection and sustainability is a critical component in mining. Accordingly, mining activities should comply with Philippine environmental laws, such as Presidential Decree No. 1586 dated 11 June 1978 on the Environmental Impact Statement, Clean Water Act of 2004, Clean Air Act of 1999, RA No. 6969 or the Toxic Substance and Hazardous and Nuclear Waste Control Act of 1990, and RA No. 8749 or the Ecological Solid Waste Management Act, including administrative orders issued by the Department of Environment and Natural Resources (DENR) such as Administrative Orders No. 2003-30 and 35, series of 1990.

Regulatory Shifts

Recent government actions mark a strategic push to revitalize the Philippine mining sector.

In 2021, Executive Order No. 130 ("EO 130") lifted the nine (9)-year moratorium on the execution of new mineral agreements by Executive Order No. 79 ("EO 79"). EO 79 was issued in 2012 and suspended the grant of new mineral agreements until new legislation rationalizing existing revenue sharing schemes and mechanisms has taken effect. In EO 130, the government lifted the moratorium because of the increase of excise tax rate on minerals, mineral products, and quarry resources from 2% to 4% and based on its finding that the country has tapped less than five percent (5%) of its mineral endowment.

The lifting of the suspension on approving new mineral agreements was expected to be a catalyst for economic growth, generating much-needed investments and jobs. However, this new course of action called for a strong commitment to ensure that mining projects adhere to stringent environmental standards and safeguard the rights of local communities.

Thus, the DENR promulgated Administrative Order No. 2022-04 to promote the sustainable development and utilization of the country's natural and mineral resources for the benefit of present and future generations. This Administrative Order aims to provide adequate measures for responsible mining towards ensuring biodiversity conservation and protection including progressive and final rehabilitation of mined-out areas to minimize negative impacts on biodiversity and ensure its conservation of biodiversity.²

Further, the Philippines enacted RA No. 11995, or the Philippine Ecosystem and Natural Capital Accounting System (PENCAS) Act in 2024. The PENCAS Act aims to measure and monitor the country's natural resources and their value to the ecosystem and the economy. The said system shall provide the indicators that will facilitate the integration of environmental and natural resource concerns in planning and policy making at the national and subnational levels, in allocating budgets, and in designating statistics that will be produced regularly for an identified period of analysis.³

Notably, the Department of Justice (DOJ) issued DOJ Opinion No. 21, Series of 2022, clarifying that the country's renewable energy resources are not classified as natural resources. As a result, the constitutional provision restricting the exploration, utilization, and development of natural resources to Filipino citizens and entities with at least 60% Filipino ownership does not apply to renewable energy sources, such as solar, wind, hydro, and ocean or tidal energy.⁴ This interpretation supports the growth of the renewable energy sector and also benefits the mining industry, as the transition to renewable energy will drive increased demand for key minerals, particularly nickel.

The Regulators

The primary government agency responsible for the conservation, management, development, and

proper use of the mineral resources is the DENR.⁵ Its line bureau, the MGB is primarily responsible for the implementation of the *Philippine Mining Act*.⁶

Republic Act No. 7160 or the Local Government Code of the Philippines granted local government units (LGUs) authority to regulate mining operations within their jurisdictions. LGUs can issue permits, impose local taxes, and ensure that mining projects comply with local environmental and social standards, including engaging with indigenous peoples and local communities through consultations.

Other relevant regulatory entities include the National Commission on Indigenous Peoples, which protects and promotes the rights of indigenous peoples and issues the free, prior, and informed consent required for mining projects in compliance with IPRA; the Environmental Management Bureau, which is responsible for ensuring compliance with environmental laws and regulations; the appropriate LGUs, which enacts and enforces ordinances on land use, environmental protection, and community welfare; and the Bureau of Internal Revenue, which is the regulatory agency for monitoring proper payment of taxes.

Mining Permits

In compliance with the Constitution that requires the exploration, development, and utilization of natural resources to be under full control and supervision of the State, mining activities are heavily regulated and require governmental authority before they can be conducted. These permits include the following:

1. **Exploration Permit.** An exploration permit is issued by the MGB to grant the right to conduct exploration for all minerals in specified areas.⁷ There is no prohibition against foreign or local corporations or contractors holding exploration permits.⁸ An exploration permit shall be for a period of two (2) years, subject to annual review and relinquishment or renewal.⁹
2. **Mineral Agreements.** The Secretary of the DENR may grant a qualified person the exclusive right to conduct mining operations

5 Section 8, Philippine Mining Act.

6 Section 7, Administrative Order No. 2010-21, Implementing Rules and Regulation of the Philippine Mining Act.

7 Section 20, Philippine Mining Act,

8 La Bugal-B'laan Tribal Association, Inc. v. Ramos, G.R. No. 127882, 27 January 2004.

9 Section 21, Philippine Mining Act.

2 Section 2, Administrative Order No. 2022-04, Enhancing Biodiversity Conservation and Protection in Mining Areas.

3 Section 2(f), PENCAS Act.

4 DOJ Opinion No. 21, Series of 2022.

1 https://mgb.gov.ph/images/Mineral_Statistics/MINERALS-INDUSTRY-AT-A-GLANCE-Updated-30-June-2024.pdf

and extract all mineral resources found in the contract area through a mineral agreement. Mineral agreements are reserved for Filipino citizens or Philippine corporations with at least 60% Filipino capital ownership. A mineral agreement may take the following forms:

- a. Mineral production sharing agreement (MPSA) wherein the Government grants to the contractor the exclusive rights to conduct mining operations and shares in the gross output;
- b. Co-production agreement wherein the Government shall provide inputs to the mining operations other than the mineral resources; or
- c. Joint venture agreement, wherein the Government and the contractor will have equity shares in a joint venture company and shall share in earnings in equity and the gross output.

3. **Financial or Technical Assistance Agreement (FTAA).** The President may approve and execute a contract involving financial or technical assistance for large-scale exploration, development, and utilization of mineral resources. In accordance with the Constitution, the contract may be executed with a foreign-owned corporation.

4. **Ore Transport Permit.** A permit specifying the origin and quantity of non-processed mineral ores or minerals that shall be required for their transport. The absence of a permit shall be considered as prima facie evidence of illegal mining and shall be sufficient cause for the government to confiscate the ores or minerals being transported, the tools and equipment utilized, and the vehicle containing the same.¹⁰

5. **Minerals Processing Permit.** The Secretary of the DENR may issue a mineral processing permit to allow a qualified person, which may be a foreign owned corporation, to engage in the processing of minerals. It shall be for five (5) years renewable for like periods but not to exceed a total term of twenty-five (25) years.¹¹

6. **Quarry Resources.** A permit issued by the provincial/city mining regulatory board to a qualified person to extract and remove quarry sand and gravel,¹² guano,¹³ and gemstone resources.¹⁴

Incentives

Capital Incentives. The contractors in mineral agreements, and financial or technical assistance agreements shall be entitled to the applicable fiscal and non-fiscal incentives as provided for under Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987.¹⁵ Under the existing priorities plan, the following may qualify for registration with incentives, limited however to capital equipment incentives only: (a) exploration of mineral resources; and (b) processing of metallic and non-metallic minerals to produce semi-processed mineral products, e.g., metallic ore concentrate, whether or not integrated with mining/quarrying operations.

Capital equipment incentives refer to tax and duty exemption on imported capital requirements.

Pollution Control Devices. Pollution control devices acquired, constructed, or installed by contractors shall not be considered improvements on the land or building where they are placed, and shall not be subject to real property and other taxes or assessments.¹⁶

Income Tax-Carry Forward of Losses. A net operating loss without the benefit of incentives incurred in any of the first ten (10) years of operations may be carried over as a deduction from taxable income for the next five (5) years immediately following the year of such loss.¹⁷

Income Tax-Depreciation. Properties used in mining operations may be depreciated over any number of years between five (5) years and the expected life if the latter is more than ten (10) years.¹⁸ This allows for an accelerated depreciation of the property.

Outlook

The Philippine government is further pursuing several reforms aimed at streamlining the mining application process, including the introduction of

12 Section 46, 47, and 48 Philippine Mining Act.
 13 Section 51, Philippine Mining Act.
 14 Section 52, Philippine Mining Act.
 15 Section 90, Philippine Mining Act.
 16 Section 91, Philippine Mining Act.
 17 Section 92, Philippine Mining Act.
 18 Section 34F(5)(b), Tax Code.

a digital application process.¹⁹ Looking ahead, the exploration and exploitation of deep-sea mineral resources is also being considered as a key area for future development.²⁰

Philippine legislators proposed Senate Bill No. 2826 and House Bill No. 8937 to introduce a new fiscal regime for mining operations.

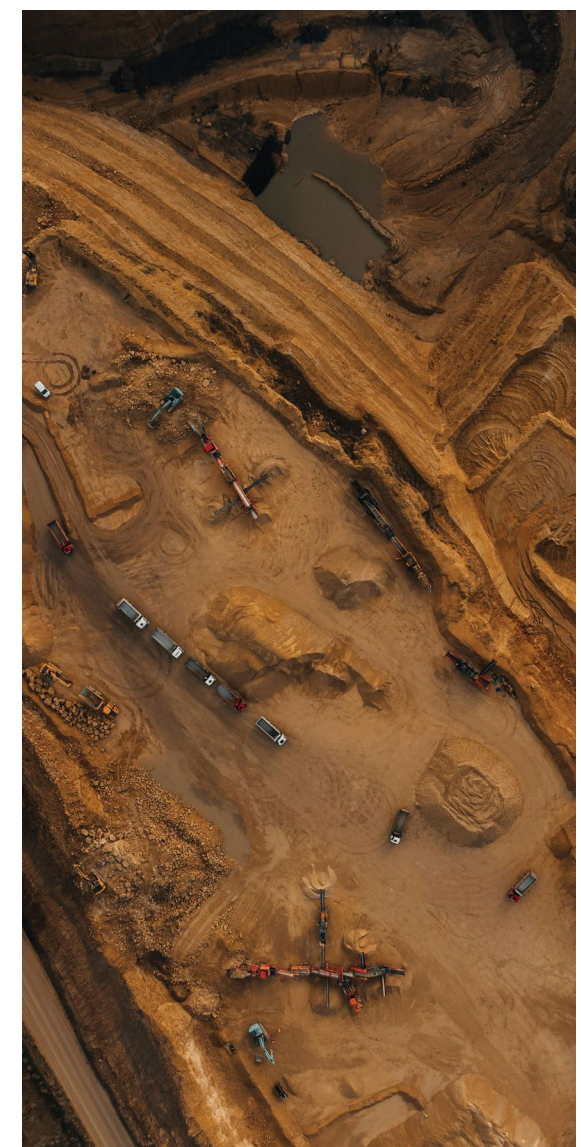
Senate Bill No. 2826 aims to harness the full potential of the country's mineral resources by reforming how the government derives revenues from and secures the State's fair share in the development and utilization of these resources. For this purpose, it proposed to 1) levy royalties on all mining operations; 2) consolidate the tax treatment of mining operations under an MPSA and FTAA, creating a single tax structure applicable to both types of mining contracts; 3) set a maximum debt-to-equity ratio for the tax deductibility of interest expense; and 4) institutionalize a mechanism for public disclosure and scrutiny of extractive industry-related data and information to help ensure the open and accountable governance of the country's mineral resources

On the other hand, House Bill No. 8937 seeks to amend certain portions of the Tax Code which can affect the mining industry. Particularly, it wishes to impose a limitation on interest expense deductions for metallic mining contractors, a royalty rate, based on gross output, ranging from one percent (1%) to five percent (5%) for large scale metallic mining operations, and one tenths percent (0.1%) to one percent (1%) for small scale metallic mining operations, among others.

As the government's ongoing reforms dig deeper into balancing economic growth and environmental responsibility, the future of the Philippine mining sector is set to strike gold to unlock new opportunities for both development and environmental stewardship.

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 DOJ Opinion No 21, Series of 2022
 Senate Bill No. 2826
 House Bill No. 8937
 Republic Act No. 11995



10 Section 53, Philippine Mining Act.
 11 Section 55, Philippine Mining Act.

19 Gonzales, A.L., October 17, 2024, Gov't to streamline mining application process, Philippine News Agency; <https://www.pna.gov.ph/index.php/articles/1235779>
 20 Rocamora, J.A.L., October 09, 2023, PH wants to craft 'holistic strategy' on seabed mining, Philippine News Agency; <https://www.pna.gov.ph/articles/1211399>



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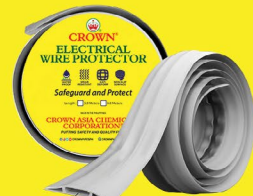
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INVESTING THROUGH THE BOI - FAQs

GREEN LANES FOR STRATEGIC INVESTMENTS

Executive Order 18 (EO 18) s. 2024, otherwise known as “*Constituting Green Lanes for Strategic Investment*”, was approved by the President in February 2023. It is part of the current administration’s Eight Point Agenda to make the country more competitive in attracting foreign direct investments by expediting, streamlining, and automating government processes for projects endorsed as Strategic Investment.

It complements landmark economic reforms such as the Foreign Investments Act (FIA), Retail Trade Liberalization Act (RTLTA), Public Service Act (PSA), and Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act.

Outstanding features of the EO 18

EO 18 mandated the adoption of the following strategies that will encourage investors to engage in strategic investments and expedite government transactions through:

- a. Establishment of the BOI One-Stop-Action-Center for Strategic Investments (OSAC-SI), which shall serve as the single point of entry for all projects that qualify as strategic investments.
- b. Mandatory establishment of Green Lanes across all government agencies to expedite and streamline the processes and requirements for the issuance of permits and licenses of Strategic Investments endorsed by the OSAC-SI.
- c. National government agencies (NGAs) and local government units (LGUs) shall act on the application for the issuance of permit/license/certification within the 3-7-20 rule under R.A 11032 or the Ease of Doing Business law.
- d. Simultaneous processing of applications where NGAs and LGUs that receive applications for permits and licenses shall process the same with the presumption that the relevant documents from other agencies have already been issued. The NGA or LGU concerned shall then issue the corresponding permits or licenses, with an annotation that it shall be subject to the completion of requirements covered by an undertaking coming from the investor applicant.
- e. An account officer for every certified Green Lane project will monitor the application for permits/licenses with other government agencies.
- f. Crafting of Investor’s Guidebook containing the list of government requirements for the establishment of Strategic Investments per sector.

- g. Monitoring and reporting to the Office of the President (OP) by OSAC-SI on the progress of the permits and licenses applied for Strategic Investments.

Strategic Investments

Strategic Investments are those that are aligned with the Philippine Development Plan or any similar national development plans that are characterized as:

- having a significant capital or investment in the country;
- consequential economic impact;
- positive impact on the environment;
- a significant contribution to the country’s balance of payments;
- with complex technical processes and engineering designs; and
- will bring about improvement in the country’s infrastructure capabilities.

Strategic Investments shall include but not limited to:

1. **Highly Desirable Projects.** Investment Projects recommended by the Fiscal Incentives Review Board to the President for modification of incentives or the crafting of the appropriate financial support package based on defined development strategies for creating high-value jobs, building new industries to diversify economic activities, and attracting significant foreign and domestic capital or investment, and the fiscal requirements of the activity or project, as provided under Section 301 of RA No. 11534 or the “Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act.”
2. **Foreign Direct Investments.** Foreign Direct Investments are those resulting from the implementation of the Foreign Investment Promotion and Marketing Plan, as endorsed by the Inter-Agency Investment Promotion Coordination Committee.
3. **Projects or activities under the Strategic Investment Priority Plan (SIPP).** Local or foreign investments on activities considered projects of national significance or highly desirable, and which fall under the priority sectors or industries included in the SIPP formulated by the Department of Trade and Industry-Board of Investments (DTI-BOI) and approved by the President in accordance with Section 300 of RA No. 11534. These projects cover registrations under the DTI-BOI or other Investment Promotion Agencies (IPAs).

Projects or activities that fail to qualify/are not endorsed for Green Lane services are still facilitated through the existing facilitation services provided by the BOI-Investments Assistance Service.

Application of projects to the Green Lane shall be filed with the BOI One-Stop Action Center for Strategic Investments. For further inquiries about Green Lane, you may send your inquiries to greenlane@boi.gov.ph.

INVESTING THROUGH THE BOI FREQUENTLY ASKED QUESTIONS

1. Who is eligible to invest in the Philippines?

Anyone can invest or start a business in the Philippines, regardless of nationality. The country welcomes investments in nearly all sectors, but there are some laws and regulations that you need to follow.

2. How is the BOI different from other Investment Promotion Agencies (IPAs) in the Philippines? Can we register with more than one IPA?

The BOI allows you to set up your business anywhere in the Philippines, while some other IPAs require businesses to be located within specific ecozones. Although all IPAs offer similar incentives under the CREATE Act, once you register a project with one IPA, you cannot register the same project with another. However, if you are expanding your project, you can register that expansion with a different IPA.

3. What protections do investors have in the Philippines?

According to the amended Omnibus Investments Code of 1987, all investors have certain rights and protections under Philippine law, including:

- **Repatriation of Investment:** Foreign investors can take back the full amount of their investment when they liquidate it in the original currency, as long as their investment is registered with the Bangko Sentral ng Pilipinas (BSP).
- **Remittance of Earnings:** Investors can send their earnings abroad in the currency that matches their original investment at the current exchange rate.
- **Foreign Loans and Contracts:** Investors can transfer funds necessary for paying interest and principal on foreign loans or obligations from technology assistance contracts.
- **Freedom from Expropriation:** The government cannot seize your investment property unless it’s for public use or national welfare, and even then, fair compensation must be paid.
- **Right to Non-Requisition of Property:** The government cannot take your property without

valid reasons, except during war or emergencies, and you will be compensated fairly.

Additionally, through the ASEAN Comprehensive Investment Agreement, investors also have:

- **Free Capital Transactions:** Investors can freely move their money in and out of the country as long as they follow the necessary laws and regulations.
- **National Treatment:** Both local and foreign investments are treated fairly and equally under Philippine law.
- **Fair and Equitable Treatment:** The Philippines ensures that investments receive fair treatment and protection according to international law standards.

4. What are the minimum qualification requirements for BOI registration?

Hereunder are the Qualifications for Registration – Every applicant, as far as applicable, must comply with the following:

- The proposed project or activity must be included in the Strategic Investments Priorities Plan (SIPP) and must satisfy the qualifications set forth therein.
- If the project or activity in which it is engaged or proposes to engage is nationalized by the Constitution or by the law, the ownership requirement of the Constitution and/or such law has been complied with;
- If there is a law requiring a minimum percentage of its directors to be Philippine citizens, the same has been complied with. To determine compliance with the citizenship requirement for members of the Board of Directors, the basis shall be the positions filled, exclusive of vacancies, unless there is a specific rule to the contrary; and
- That the project or activity in which the applicant is engaged is within its corporate powers and is not otherwise prohibited by law.

5. Where can I get the BOI application form and other requirements?

The new BOI application form can be downloaded by clicking on the following link: <https://boi.gov.ph/resources/downloadable-forms/registration-forms/>

6. After registering a project with BOI, can we immediately use the incentives? What should we do next?

Once your project is registered with the BOI, you’ll receive a Certificate of Registration along with specific

terms and conditions, which include the incentives you can access. However, these incentives are not automatic; you must apply for each one that has been granted. You will need to obtain a certification for each incentive to show to other government agencies when required.

7. What are the compliance requirements for registered projects?

Registered projects must submit the following documents by their due dates:

- **Annual Report on Actual Operations (BOI Form S-1):**
 - For the calendar year: Due by April 30 of the following year.
 - For the fiscal year: Due within four months after the end of the taxable year.
- **Audited Financial Statement:** This needs to be filed according to your company's reporting schedule.
- **Income Tax Return:** Submit this within 30 days of filing with the Bureau of Internal Revenue (BIR).
- **Annual Benefits Report:** Due within 30 days after you've filed your tax returns and paid your taxes.
- **Additional Information:** You may also need to provide any other information that the Board requests about your project at any time.

Furthermore, you'll need to submit:

- An **annual report on the beneficial ownership** of the organization and related parties.
- Documentation for **tree planting requirements**.
- An **Environmental Compliance Certificate**.
- Proof of **Good Corporate Governance**.
- A report on your **Corporate Social Responsibility** initiatives.
- Confirmation of your **start of commercial operations**.

8. Which government agency could best provide answers and guidance to both foreign and local investors' inquiries on how to invest and begin operating a business in the Philippines?

The BOI is the lead government agency responsible for investment promotion in the Philippines. BOI assists Filipino and foreign investors to set up operations in the country by providing pre and post-investment facilitation services. The BOI is a one-stop shop for doing business in the Philippines.



BUSINESS REGISTRATION AND PERMITS

Setting up a business in the Philippines entails registration with different government agencies. In general, all businesses must register with the following:

Regulating Agency	Registration/License/Authority	Link
Securities and Exchange Commission	Certificate of Registration (Domestic Corporation) or a License to Do Business in the Philippines (branch/representative office). A domestic corporation acquires juridical personality only after the issuance of the Certificate of Registration. A branch/representative office may do business in the Philippines only upon the issuance of the License to Do Business in the Philippines.	https://appointment.sec.gov.ph/company/primary-registration-2/
Department of Trade and Industry (DTI)	Certificate of Business Name Registration Single proprietorship businesses must register with the DTI to obtain a legal identity and gain the right to use a business name.	https://bnrs.dti.gov.ph/registration
Bureau of Internal Revenue (BIR)	Certificate of Registration/Tax Identification Number The Certificate of Registration is the legal basis under which a business can operate and pay taxes in the Philippines. It is obtained to ensure proper tax compliance and governance.	https://www.bir.gov.ph/primary-registration

Regulating Agency	Registration/License/Authority	Link
Local Government Units (LGU)	<p>Business or Mayor's Permit</p> <p>The Business or Mayor's Permit ensures that a business complies with all the ordinances of the particular city or municipality where it operates. Registration procedures vary across cities and municipalities and require, among others, the following:</p> <ul style="list-style-type: none"> • barangay clearance • occupancy permit • locational clearance • sanitary permit • fire safety clearance • building permit <p>The Business or Mayor's Permit requires annual renewal.</p>	
Department of Labor and Employment (DOLE)	<p>Certificate of Registration</p> <p>The establishment regardless of the size of economic activity, whether small, medium, or large scale in one single location, shall register with the DOLE according to the provisions of the Occupational Safety and Health Standards to form part of a databank of all covered establishments.</p>	https://clients.ncr.dole.gov.ph/rule1020/
Social Security System (SSS)	<p>SSS Registration/SSS Employer ID number.</p> <p>An employer under Republic Act No. 8282 (SSS Law) is subject to compulsory SSS coverage starting on the first day of the operation of the business. The SSS gives protection to private employees and their families against disability, sickness, old age, death, or other instances that render them incapable of continuing their employment.</p> <p>The employer shall report his/her employees, within thirty (30) days upon hiring.</p>	https://member.sss.gov.ph/members/rcsmi/main.html#docreqlist

Regulating Agency	Registration/License/Authority	Link
Home Development Mutual Fund (HDMF)	<p>HDMF Registration/ HDMF Employer ID Number</p> <p>Republic Act No. 9679 mandates all employers to register with HDMF before the start of their business operation.</p> <p>HDMF is a provident savings system that provides housing and land acquisition loans to its members.</p>	https://www.pagibigfund.gov.ph/document/pdf/dlforms/providentrelated/FPF095MembershipRegistrationForm_V01.pdf
Philippine Health Insurance Corporation (PhilHealth)	<p>PhilHealth Registration/ PhilHealth Employer ID Number</p> <p>Employers are required to submit to PhilHealth a form that contains the list of new employees.</p> <p>Under Republic Act No. 7857, employees are required to be members and remit monthly contributions to PhilHealth.</p> <p>PhilHealth provides health and hospitalization subsidies to its members or their dependents.</p>	https://www.philhealth.gov.ph/services/

For certain industries, the aforementioned registrations and permits do not give a license to operate. Businesses falling under this category must obtain a secondary license or permit from the pertinent regulatory bodies having jurisdiction over them to commence operations. This includes, but is not limited to, the following special permits and licenses:

Special Permits/ License	Regulating Agency	Link
Renewable Energy Service/ Operating Contract	Department of Energy (DOE)	https://www.evoss.ph/Home/Requirements
Clearance to Undertake System Impact Study (SIS)		
Certificate of Confirmation of Commerciality (COCOC)		
Certificate of Endorsement for Point-to-Point Transmission Facilities		
Certificate of Endorsement - Power Development Plan (COE-PDP)		
Safety Officer's Permit		

Special Permits/ License	Regulating Agency	Link
System Impact Study (SIS)	National Grid Corporation of the Philippines (NGCP)	https://www.evoss.ph/Home/L1NGCP
Facility Study (FS)		
Service Agreements (SA)		
Provisional Certificate of Approval to Connect (PCATC)		
Clearance to Energize (CTE)		
Generating Unit Capability Test (GUCT)		
Grid Compliances Test (GCT)		
Final Certificate of Approval to Connect (FCATC)		
Point-to-Point Application: ERC Decision	Energy Regulatory Commission (ERC)	https://www.evoss.ph/Home/Requirements
Certificate of Compliance		
Special Land Use Permit (SLUP)		https://doe.gov.ph/sites/default/files/pdf/eicc/eicc-planning-conference-materials-flag-checklist-of-requirements.pdf
Forest Land Use Agreement (FLAg)		https://doe.gov.ph/sites/default/files/pdf/eicc/eicc-planning-conference-materials-flag-checklist-of-requirements.pdf
Special Agreement on Protected Areas (SAPA)		https://elibrary.bmb.gov.ph/elibrary/wp-content/uploads/2023/05/dao2007-17-1.pdf
Tree Cutting Permit		https://apidb.dnr.gov.ph/infores/uploads/DAO-2021-11.pdf
Environmental Compliance Certificate (ECC) - IEE Checklist		https://emb.gov.ph/wp-content/uploads/2020/07/Citizens-Charter-EIAMD.pdf
Certificate of Non-Overlap (CNO)		National Commission on Indigenous Peoples (NCIP)
Certification Precondition (CP)		
DAR Land Use Conversion	Department of Agrarian Reform (DAR)	http://www.lis.dar.gov.ph/documents/368

Special Permits/ License	Regulating Agency	Link
Conditional Water Permit	National Water Resources Board	https://evoss.ph/Home/L1NWRB
Water Permit	National Water Resources Board	https://evoss.ph/Home/L1NWRB
CAAP Height Clearance	Civil Aviation Authority of the Philippines (CAAP)	https://caap.gov.ph/wp-content/uploads/2023/09/Annex-B-CAAP-ADM-AOD-001.pdf
Permit to Develop, Construct, and Operate	Philippine Ports Authority (PPA)	https://ppa.com.ph/sites/default/files/forms_downloadable/ANNEX_C1_09132024.pdf
Certificate of Registration		https://ppa.com.ph/sites/default/files/forms_downloadable/ANNEX_C3_09132024.pdf
PCA Cutting Permit	Philippine Coconut Authority	https://pca.gov.ph/pdf/disclosure/permitcut.pdf
License to Operate (LTO)	Food and Drugs Authority (FDA)	https://www.fda.gov.ph/wp-content/uploads/2024/04/15.-License-to-Operate-LTO.pdf
Certificate of Product Registration (CPR)		https://www.fda.gov.ph/wp-content/uploads/2020/02/Checklist-Requirements-CPR.pdf
Accreditation as Importer/Exporter	Bureau of Customs (BOC)	https://client.customs.gov.ph/kb/faq.php?id=10
Veterinary Quarantine Clearance (VQC) and other permits related to the international trade of animals and animal products/by-products	Bureau of Animal Industry (BAI)	https://www.bai.gov.ph/citizens-charter
Sanitary and Phytosanitary Import Clearance / Cold Storage Warehouse Accreditation		bai.gov.ph/citizens-charter
Philippine Standard (PS) Quality and/or Safety Certification Mark Licensing / the Import Commodity Clearance (ICC) Certification	Bureau of Philippine Standards (BPS)	https://bps.dti.gov.ph/product-certification/ps-and-icc-application-requirements
Permit to Import, Release Clearance, Certificate of Exemption	National Telecommunications Commission (NTC)	https://ntc.gov.ph/wp-content/uploads/2024/CITIZENS%20CHARTER/6-05-SID-CCT-03272024-compressed.pdf

References:

Republic Act No. 8282
DOLE Rule 1020
Republic Act No. 9679
Republic Act No 7857
DTI Registration Guide accessed at <https://bnrs.dti.gov.ph/resources/registration-guide>
SEC Electronic Simplified Processing of Application for Registration of Company (eSPARC) accessed at <https://esparc.sec.gov.ph/application>

LIST OF ACRONYMS

ABS - Asset-Backed Securities	ECC - Environmental Compliance Certificate	JVA - Joint Venture Agreements	PNHRS - Philippine National Health Research System
ADR Act - Alternative Dispute Resolution Act of 2004	EFTA - European Free Trade Association	LGU - Local Government Unit	PPP - Public Private Partnership
AEP - Alien Employment Permit	EIA - Environmental Impact Assessment	LTO - License to Operate	PRA - Philippine Retirement Authority
ARMM - Autonomous Region of Muslim Mindanao	EIS - Environmental Impact Statement	M&A - Mergers and Acquisitions	PTE - Public Telecommunications Entity
ARTA - Anti-Red Tape Authority	EMB - Environmental Management Bureau	MCTC - Municipal Circuit Trial Courts	RA - Republic Act
ASEAN - Association of Southeast Nations	EP - Exploration Permit	Med-Arb - Mediation-Arbitration	RE Act - Renewable Energy Act of 2008
BCDA - Bases Conversion and Development Authority	EPIRA - Electric Power Industry Reform Act of 2001	MeTC - Metropolitan Trial Courts	RHQ - Regional Headquarters
BIMP-EAGA - Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area	ERC - Energy Regulatory Commission	MORFXT - Manual of Regulations on Foreign Exchange Transactions	ROHQ - Regional Operating Headquarters
BIR - Bureau of Internal Revenue	FDA - Food and Drug Administration	MPP - Mineral Processing Permit	SBMA - Subic Bay Metropolitan Authority
BOC - Bureau of Customs	FIA - Foreign Investments Act of 1991	MPSA - Mineral Production Sharing Agreement	SEC - Securities and Exchange Commission
BOI - Board of Investments	FIA IRR - Foreign Investments Act Implementing Rules and Regulation	MRO - Maintenance, Repair, and Overhaul	SRC - Securities Regulation Code
BOT - Build-Operate and Transfer	FLSP - Financial Liquidation and Suspension of Payments	MTC - Municipal Trial Courts	SSS - Social Security System
BSP - Bangko Sentral ng Pilipinas (Central Bank of the Philippines)	FRIA - Financial Rehabilitation and Insolvency Act	MTCC - Municipal Trial Courts in Cities	SFZ - Subic Freeport Zone
CAM - Court-Annexed Mediation	FTA - Free Trade Agreement	NGCP - National Grid Corporation of the Philippines	SIRV - Special Investor's Resident Visa
CBA - Collective Bargaining Agreement	FTAA - Financial or Technical Assistance Agreement	NPC - National Privacy Commission	SPE - Special Purpose Entity
CDC - Clark Development Corporation	GDPR - General Data Protection Regulation	NREB - National Renewable Energy Board	SRRV - Special Resident Retiree's Visa
CIAC - Construction Industry Arbitration Commission	GSP+ - Generalized System of Preferences Plus	NTC - National Telecommunications Commission	SSEZ - Subic Special Economic Zone
CPE - Customer Premises Equipment	HDMF - Home Development Mutual Fund	OCRA - Out-of-Court Restructuring Agreements	SWP - Special Work Permit
CRO - Contract Research Organizations	IB - Inclusive Business models	OIC - Omnibus Investments Code	TIEZA - Tourism Infrastructure and Enterprise Zone Authority
CFSEZ - Clark Freeport and Special Economic Zone	IC - Insurance Commission	PA - Provisional Authority	TRANSCO - National Transmission Corporation
DENR - Department of Environment and Natural Resources	IC - Integrated Circuit	PCA - Philippine Competition Act	TRIPS - Trade Related Aspects of Intellectual Property Rights
DOE - Department of Energy	IEE - Initial Environmental Examination	PCBA - Philippine Contractors Accreditation Board	TTA - Technology Transfer Arrangement
DOJ - Department of Justice	IP Code - Intellectual Property Code of the Philippines	PCC - Philippine Competition Commission	UITF - Unit Investment Trust Fund
DOLE - Department of Labor and Employment	IPOPHL - Intellectual Property Office	PD - Presidential Decree	UNCITRAL - United Nations Commission on International Trade Law
DPA - Data Privacy Act Of 2012	IPP - Investments Priorities Plan	PDRCI - Philippine Dispute Resolution Center, Inc.	VAS - Value Added Services
DTI - Department of Trade and Industry	IRR - Implementing Rules and Regulations	PEZA - Philippine Economic Zone Authority	VAT - Value Added Tax
EC - Employees' Compensation	IT - Information Technology	PhilHealth - Philippine Health Insurance Corporation	VoIP - Voice-Over Internet Protocol
	JDR - Judicial Dispute Resolution	PHP - Philippine Peso	
		PHREB - Philippine Health Research Ethics Board	

BOI INVESTMENT-READY LOCATION

AVAILABLE LOCATION FOR MANUFACTURING ACTIVITIES

Central Luzon

- Hermosa Ecozone Industrial Park Hermosa, Bataan
Area: 190,000sqm
- TIPO Hightech Eco Park, Subic, Zambales
Area: 1,150,000 sqm
- Angeles Industrial Park, Angeles, Pampanga
Area: 2,987 sqm
- TECO Industrial Park, Mabalacat, Pampanga
Area: 2,500,000 sqm
- Filinvest Industrial Park – New Clark City, Capas, Tarlac
Area: 1,200,000 sqm
- Filinvest Innovation Park – New Clark City, Capas, Tarlac
Area: 384,877 sqm

1. CALABARZON

- Cavite Technopark, Naic, Cavite
Area: 47,985 sqm (Lots 4-B-1), 33,342 sqm (Lots 4-B 2)
- First Philippine Industrial Park, Sto. Tomas/ Tanauan, Batangas
Area: 17.5 has
- First Industrial Township, Tanauan, Batangas
Area: 100,000 sqm
- Gateway Business Park General Trias, Cavite
Area: 253,149 sqm
- Lima Technology Center, Lipa/Malvar, Batangas
Area: 242,819 sqm
- Light Industry & Science Park IV, Malvar, Batangas
Area: 500,000 sqm

AVAILABLE LOCATION FOR IT HUBS

- Northgate Cyberzone
- Eastwood Libis IT Park
- Transcom IT Center- Bacolod
- Cebu IT Park
- Iloilo Business Center

- Matina IT-Park Davao

17 ADDITIONAL APPROVED ECOZONES SINCE 2022

- Robinsons Cyberpark Bacolod
- Lima Technology Center [Expansion]
- Hermosa Ecozone Industrial Park [Expansion]
- Felcris Centrale IT Park
- Philtai Central Luzon Industrial Park
- ECCO 4 Building
- Naga City Industrial Park
- Lopue's Mandalagan IT Center
- Marina Town Dumaguete
- Kamanga Agro-Industrial Economic Zone [Expansion]
- Lima Technology Center [Expansion]
- Sevina Park Commercial
- ArcoVia City
- MetroCas Industrial Estates-Special Economic Zone
- Taft East Gate
- Tupi IT Park
- Gateway Business Park

PEZA PUBLIC ECONOMIC ZONES

A. PEZA PUBLIC ZONES

CAVITE ECONOMIC ZONE

Location: Rosario, Cavite

Area: 288.996 hectares

Existing Industries: Tobacco products, wearing apparel, leather products, wood and wood products, paper and paper board products, plastic/rubber/glass products, fabricated metal products, office computing machinery, electrical machines apparatus/appliances, food industries, clocks and watch parts, packaging of airline and hotel supplies, fiberglass products

Total No. of Enterprises: 432

Total No. of Employment: 69,503

Export Sales: 2,535.873 million USD

MACTAN ECONOMIC ZONE

Location: Lapu-Lapu City, Mactan, Cebu

Area: 119.3669 hectares

Existing Industries: Wearing apparel, iron and steel, electronics, camera and camera parts/ binoculars, novelty items, processed food, plastic products, industrial chemicals/gases, machinery, bags/luggage, fashion jewelry, wood products, paper and paper products, rubber products, watches, optical lenses/glass filters, electrical machinery, industrial gloves, auto wire harness/parts and accessories

Total No. of Enterprises: 200

Total No. of Employment: 56,011

Export Sales: 1,676.491 million USD

BAGUIO ECONOMIC ZONE

Location: Loakan Road, Baguio City

Area: 116.2497 hectares

Existing Industries: Manufacture of textiles, wearing apparel, electronics/semiconductors, plastic and paper products, eco-friendly machinery, wooden home decors, burn-in board repairs

Total No. of Enterprises: 37

Total No. of Employment: 4,488

Export Sales: 2,112.582 million USD

PAMPANGA ECONOMIC ZONE

Location: Pulong Maragul, Angeles City, Pampanga

Area: 34.7943 hectares

Total No. of Enterprises: 14

Total No. of Employment: 1,121

Export Sales: 7.435 million USD

B. PEZA PRIVATE ECONOMIC ZONES

CEBU LIGHT INDUSTRIAL PARK

Location: Basak, Lapu-Lapu City, Mactan, Cebu

Developer: Cebu Light Industrial Park, Inc.

Area: 62.4888 hectares

Preferred Industries: Export-oriented manufacturing companies

Total No. of Enterprises: 54

Total No. of Employment: 13,168

Export Sales: 567.426 million USD

FIRST PHILIPPINE INDUSTRIAL PARK

Location: Barangays Ulango and Laurel, Tanauan City and Sta. Anastacia, Sto. Tomas, Batangas

Developer: First Philippine Industrial Park, Inc.

Area: 343.845 hectares

Preferred Industries: Electronic products, precision machinery, semi-conductors and electrical wirings

Total No. of Enterprises: 142

Total No. of Employment: 50,773

Export Sales: 2,797.340 million USD

HERMOSA ECOZONE INDUSTRIAL PARK

Location: Hermosa, Bataan

Developer: Hermosa Ecozone Development Corp.

Area: 162.477 hectares

Preferred Industries: Non-pollutive light to medium, export-manufacturing industries

Total No. of Enterprises: 16

Total No. of Employment: 10,978

Export Sales: 244.853 million USD

LAGUNA TECHNOPARK

Location: Sta. Rosa and Biñan City, Laguna

Developer: Laguna Technopark, Inc.

Area: 337.215 hectares

Preferred Industries: Manufacture/fabrication of dies and molds, manufacture of standard IC, plastic injection, flex printed circuit assembly, copper foil, synthetic, natural, precious & semi-precious gemstones, computer parts, various automobile parts; production of gaseous & liquid nitrogen and special gases

Total No. of Enterprises: 341

Total No. of Employment: 105,979

Export Sales: 6,370.810 million USD

LIGHT INDUSTRY SCIENCE PARK I

Location: Diezmo, Cabuyao, Laguna

Developer: LISP-I Locators' Association, Inc.

Area: 71.7459 hectares

Existing Industries: Electronics/semiconductors, automotive/motorcycle parts, wearing apparel, fashion accessories

Total No. of Enterprises: 90

Total No. of Employment: 28,000

Export Sales: 1,803.332 million USD

LIGHT INDUSTRY SCIENCE PARK II

Location: Real & La Mesa, Calamba, Laguna

Developer: LISP-II Locators' Association, Inc.

Area: 70.4292 hectares

Existing Industries: Manufacture of thermoforming trays, flexible circuit board, rewritable CD drive mechanical loader assembly, hi-focus asymmetric digital subscriber line, pressed metal parts for terminal printers and micro-printers, main board printers, plastic injected gears for washing machine hinges, paperboard and various filing systems, base and blocks for computer hard disk drives, multi-layer capacitor, assembly of planer, CPU & other miscellaneous cards, various pumps and other related products

Total No. of Enterprises: 48

Total No. of Employment: 10,000

Export Sales: 1,522.625 million USD

LIGHT INDUSTRY SCIENCE PARK III

Location: San Rafael & Sta. Anastacia, Sto. Tomas, Batangas

Developer: RFM-Science Park of the Philippines, Inc.

Area: 149.6839 hectares

Preferred Industries: Clean, non-polluting, light to medium primarily export-oriented industries

Total No. of Enterprises: 68

Total No. of Employment: 6,164

Export Sales: 297.649 million USD

LIGHT INDUSTRY SCIENCE PARK IV

Location: Barangays Bulihan, Luta Sur, Luta Norte, San Fernando, San Pedro, West and Poblacion, Malvar, Batangas

Developer: Science Park of the Philippines, Inc.

Area: 166.7175 hectares industrial area, 5-hectare retail and institutional destination, & 37-hectare residential neighborhood

Preferred Industries: light to medium, non-polluting manufacturing operations including support industries

Total No. of Enterprises: 14

Total No. of Employment: 3

LIMA TECHNOLOGY CENTER

Location: San Lucas, Bugtong na Pulo & Inosluban, Lipa City and Santiago & Payapa, Malvar, Batangas

Developer: Lima Land, Inc.

Area: 587.4643 hectares (total area) 149.7986 hectares (Malvar)

109.15 hectares (Malvar)

171.02 hectares (Lipa City)

Preferred Industries: Electronics Autoparts, Food processing Pharmaceuticals

Total No. of Enterprises: 117

Total No. of Employment: 50,514

Export Sales: 2,377.220 million USD

EASTWOOD CITY CYBERPARK

Location: E. Rodriguez, Jr. Avenue, Bagumbayan Quezon City, Metro Manila

Developer: Megaworld Corporation

Area: 13.69055 hectares (total area)

Preferred Industries: Information Technology, i.e. call center, business process outsourcing, software dev't, multimedia graphics and design

Total No. of Enterprises: 92

Total No. of Employment: 32,039

Export Sales: 559.415 million USD

E-SQUARE IT PARK

Location: Fort Bonifacio Global City, Taguig City, Metro Manila

Developer: Fort Bonifacio Development Corporation

Area: 24.3699 hectares

Preferred Industries: Information Technology, i.e. call center, business process outsourcing, software dev't, multimedia graphics and design

Total No. of Enterprises: 120

Total No. of Employment: 40,832

Export Sales: 981.083 million USD

ROBINSONS CYBERPARK BACOLOD

Location: Lacson Street, Mandalagan, Bacolod City

Developer: Robinsons Land Corporation

Area: 17,165 sq. m

Preferred Industries: Information Technology

EXPANSION OF LIMA TECHNOLOGY CENTER - SPECIAL ECONOMIC ZONE

Location: Barangays Santiago, Luta Sur, and Bagong Pook in Malvar Batangas

Developer: LIMA Land, Inc.

Preferred Industries: Information Technology

NAGA CITY INDUSTRIAL PARK (NCIP)

Location: Barangay Carolina, Naga City, Bicol

Developer: Enjoy Realty Development Corporation (ERDC)

Area: 25.1776 hectares

Preferred Industries: Light manufacturing industries focused on high-value engineering products

Total no. of employment: (potential) 12,000

LOPUE'S MANDALAGAN IT CENTER

Location: Lacson Street, Barangay Mandalagan, Bacolod City

Developer: Lopue's Mandalagan Corporation

Area: 4,282 sq. m

Preferred Industries: Information Technology

MARINA TOWN DUMAGUETE

Location: Flores Avenue, Barangay Piapi, Dumaguete City, Negros Oriental

Developer: Filinvest Land, Inc.

Area: 3,785.11 sq. m

Preferred Industries: Information Technology

DIRECTORY OF PARTNERS



Company name: Air France-KLM

Company profile: Air France-KLM is a leading airline Group in terms of international traffic on departure from Europe. It offers its customers access to a worldwide network, covering over 300 destinations in 125 countries thanks to Air France, KLM Royal Dutch Airlines and Transavia, mainly from its hubs at Paris-Charles de Gaulle and Amsterdam-Schiphol. Air France-KLM is also a member of SkyTeam, the alliance dedicated to providing passengers with a more seamless travel experience at every step of their journey, with 20 member airlines working together across an extensive global network.

Tel.: (+63) 2 8540 0984

Website: <https://www.klm.com.ph/>



Company name: B. Braun Philippines

Company profile: B. Braun is one of the leading healthcare providers in the Philippines, offering a range of services including dialysis treatments, clinical nutrition, regional anesthesia, hemodialysis machines, and disposables.

We focus on developing effective solutions through constructive dialogue with customers and partners. Our brand promise, "sharing expertise," involves fostering collaboration with healthcare practitioners and medical institutions to protect and improve the health of people around the world.

Our innovative strength is driven by the exchange of information and experience within the company and with external stakeholders. Through sharing expertise and the power of technology, we drive advancements in health care.

Address: 15/F Sun Life Centre, 5th Avenue Corner Rizal Drive, Bonifacio Global City, Taguig City, Philippines, 1634

Tel.: +63 285885600

E-mail: info.ph@bbraun.com

Website: <http://www.bbraun.ph>



Company name: bai Hotel Cebu

Company profile: bai Hotel Cebu is a four-star hospitality property located in Mandaue City, Cebu. Opened last 2017, bai Hotel Cebu is an independent hotel strategically situated along the booming North Reclamation Area of Mandaue and nestled between the bustling cities of Mandaue, Cebu, and Lapu-Lapu. It presents spectacular harbor and city views with ultra-modern amenities and facilities.

bai Hotel Cebu is a contemporary business hotel and a culinary destination. In its 23-floor edifice are 668 guest rooms, 8 restaurants, 13 event spaces, and a lap pool atop. All these are stylishly designed in contemporary hues that evoke an ambiance of modern luxury and spaciousness.

Envisioned to enhance the beauty and transformation of the highly-urbanized cities of Cebu, bai Hotel Cebu is for the business and leisure traveler who seeks boldness, authenticity, and innovativeness for each visit, whether it is for the first time or succeeding visits.

A member of the renowned Worldhotels, an inclusive hotel collection that captures the spirit of the destination that it serves, bai Hotel Cebu is Your Host in the South that links the traveler to a global commitment to enhanced safety, comfortable accommodations and distinctly bai service in inspiring and memorable settings.

Address: Ouano Ave. corner C.D. Seno St., City South Special Economic Administrative Zone, Mandaue City Cebu

Website: <http://www.baihotels.com/>



Company name: Bank of the Philippine Islands

Company profile: Founded in 1851, Bank of the Philippine Islands is the first bank in the Philippines and in the Southeast Asian region. BPI's services include consumer banking and lending, asset management, payments, insurance, securities brokerage and distribution, foreign exchange, leasing, and corporate and investment banking.

BPI Institutional Banking is dedicated to serving corporate clients with expertise in strategic financial advice, comprehensive, reliable products and services which help drive operational efficiency and growth, provide care for employees of its corporate clients, and mitigate business risks.

The bank has a network of over 1,000 branches and branch-lite units (BLU) nationwide and also has over 2,000 ATMs and Cash Acceptance Machines (CAMS).

BPI's digital banking innovations and dedication to sustainability contribute to creating a better and more inclusive Philippines.

Address: Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City 1226

Tel.: 09177209148

Email: mbtbuensuceso@bpi.com.ph

Website: <https://www.bpi.com.ph/institutional-banking>



Company name: Centre Médicale Internationale

Company profile: Discerning Executives and Leaders Trust Centre Médicale Internationale (CMI)

Centre Médicale Internationale (CMI), located in Bonifacio Global City, is a premier healthcare provider offering efficient, private, and convenient services tailored to the needs of discerning executives and leaders. With a streamlined appointment system and flexible scheduling for specialist consultations, CMI ensures a personalized approach to outstanding medical care.

At CMI, a culturally attuned medical team delivers exceptional care, fostering trust and understanding with every patient. Its private executive suites and comprehensive wellness programs reflect a commitment to providing an unparalleled healthcare experience, empowering professionals to prioritize their health with comfort and ease.

Tel.: +639279317194

Email: experience@cminternationale.com

Website: <https://www.cmi.care>



Company name: Crimson Resort & Spa Mactan

Company profile: Crimson Resort & Spa Mactan is a Michelin Guide listed property in the Philippines, an award-winning resort destination nestled in Mactan Island, Cebu. It is a sprawling 6-hectare tropical resort with luxurious private villas featuring individual plunge pools and guestrooms that combine both comfort and style with its contemporary Asian style.

Crimson offers guests a perfect holiday destination for honeymoon, family vacation as well as business and incentive trips.

Crimson is a dining haven. It hosts the best Spanish restaurant – Enye by Chele Gonzalez, the celebrated Azure Beach Club, an authentic Japanese restaurant Aka and the all-day dining, Safron.

The resort advocates for sustainable operation with various efforts to help in preserving culture, the environment and advocates inclusivity.

Tel.: +639173144110 • +63 32 239 3900

Email: info.mactan@crimsonhotel.com

Website: <https://www.crimsonhotel.com/mactan>



Company name: Crown Asia Chemicals Corporation

Company profile: CROWN Asia Chemicals Corporation, the company behind the leading brand CROWN Pipes, stands as a premier Philippine plastic manufacturer with a 35-year legacy. Since 1989, CROWN has excelled in producing high-quality PVC compounds for wire and cables, shrink wrap, IC tubings, and blow molding, as well as uPVC, PP-R, HDPE pipes and fittings, PVC thermal roofing, and Septic-Tech solutions.

With a commitment to world-class standards, CROWN's product lines have earned international recognition through ISO certifications and numerous accolades, including citations from the Financial Times (2018), Forbes Asia's Best Under a Billion (2020 & 2022), Shariah Compliant Awards (2017-2019 & 2021-2022), and three consecutive Golden Arrow Awards (2021-2023).

Publicly listed since 2015, CROWN is a trusted partner in construction, telecommunications, and infrastructure. Our mission is to deliver superior, competitive products that ensure sustainable solutions for future generations.

Tel.: Derrick Villanueva - 09228856317



Company name: Dedon

Company profile: Founded in 1990, DEDON is widely recognized as the world's premier luxury outdoor furniture brand. Unique within the outdoor industry, the company owns and operates the entire supply chain of its woven collections, from fiber production in Germany to hand-weaving in the Philippines. DEDON's award-winning collections, created in collaboration with renowned international designers, set the standard for quality, artistry and innovation today. In addition to its iconic handwoven furniture, the company offers innovative collections in teak, upholstery and more. Represented in over 80 countries, DEDON works with more than 800 people and maintains showrooms worldwide.

Email: info@dedon.ph



Company name: Deloitte

Company profile: Deloitte Philippines is one of the leading professional services firms in the country providing audit & assurance, strategy, risk & transactions, technology & transformation, tax & legal and related services. Founded in 1997 as a management consulting firm, the Philippine practice has grown rapidly over the years to its current size of over 1,000 professionals with 30 partners in 2 cities - Bonifacio Global City (BGC) in Taguig, and Cebu - offering a full suite of professional services and serving a wide range of clients across various industries.

With a globally connected network of member firms in more than 150 countries and jurisdictions, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges.

Address: 19th Floor Six/NEO Building, 5th Ave. corner 26th St.

Bonifacio Global City, Taguig 1634, Philippines

Tel.: +63 2 8581 9000

Email: PHCM@deloitte.com

Website: http://www.deloitte.com/ph



Company name: Electro Premier Venture Int'l. Inc.

Company profile: ELECTRO PREMIER VENTURE INT'L INC., a domestic corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines to undertake the supply of high and low voltage line materials, equipment substations, transmission and distribution transformers, safety devices and providing other real-time solutions and cost-effective measures for the power and utility sectors.

The company's committed service has evolved into an integrated result driven entity. It provides a wide range of services that composed of a seasoned management team with different specific and comprehensive field of expertise that is dedicated, dynamic, innovative professionals abreast with the fast-changing technology.

Address: 10F Pacific Star Building, Sen. Gil Puyat Ave. cor. Makati Avenue Makati City, Philippines

Tel.: +63(2)8442 2403

Email: sales@electropremier.com

Website: https://electropremier.com



Company name: Guard-All Electronics Security System

Company profile: Security is your most important investment, and every property deserves reliable protection. At Guard-All Electronic Security Systems, Inc., we're your trusted partner in protecting what matters most. With nearly 40 years of experience, we specialize in designing, installing, and maintaining top-tier security solutions, including CCTV, access control, fire alarms, and barriers for businesses and homes.

Leveraging cutting-edge technology, we provide 24/7 nationwide monitoring from our Makati headquarters. Our services include Central Monitoring, Lifeline Ambulance, and CMS Remote Video Monitoring. Contact us today to learn how Guard-All can enhance your security solutions and keep what matters safe.

Address: Unit 708 | Cattleya Building, 235 Salcedo St. Legaspi Village, Makati City, Philippines 1223

Tel.: (+63) 998 843 9711 • (+63) 949 990 0390

(02) 8817 4132 • (02) 8840 5673

Email: info@guardall.com.ph • andrew.ramsay@guardall.com.ph

Website: https://www.guardall.com.ph



Company name: Mövenpick Resort & Spa Boracay

Company profile: Nestled on the northern tip of Boracay Island, Mövenpick Resort & Spa Boracay is an idyllic retreat with 312 contemporary rooms. Boasting the largest multi-level swimming pool on the island, families can indulge in the serene ambiance while kids enjoy the dedicated Little Bird's club. Seven diverse food and beverage venues cater to every palate, from international to Japanese and Italian cuisine. The resort features Sagay spa for relaxation. Notably, Mövenpick Resort & Spa Boracay is the first Green Globe-certified hotel in Boracay, reflecting our commitment to sustainable and eco-friendly hospitality. Recognized as a highly commended destination wedding venue, our beachfront garden can host up to 150 guests for a truly memorable celebration.

Contact: Franck Merot, General Manager

Mövenpick Resort and Spa Boracay

Email: franck.merot@movenpick.com

Tel.: +63 36 288 2256



Company name: RISE

Company profile: RISE is a leading provider of business-grade internet in the Philippines, committed to accelerating connectivity for the nation. With a fully redundant core network, RISE ensures 24/7 reliability, keeping businesses online and thriving with SLA of 99.9%.

Unlike traditional providers, RISE offers tailored solutions designed to meet the unique needs of companies, from startups to enterprises. Clients benefit from non-outsourced customer support, dedicated relationship managers, and a team of engineers ready to assist anytime.

With a focus to empower businesses through exceptional internet, RISE is more than a service provider—it's a partner in driving growth, innovation, and success for its clients.

Visit rise.ph to get in touch with us!



Company name: Sterling Pacific Venture Corp

Company profile: Sterling Pacific Ventures Corp. (SPVC), the Philippines' largest custom manufacturer of ice cream, is known for delivering exceptional quality products that meet global standards. Originally rooted in providing alternative sweeteners and low-calorie beverages, SPVC now specializes in crafting a diverse range of ice cream, from premium to economical options, along with other food and beverage items. Our end-to-end contract manufacturing platform allows clients to focus on their core business while we handle the entire value chain. With a commitment to innovation, SPVC continuously advances to equip its customers with the tools to succeed in today's dynamic market.

Address: Unit A2, B3 L4, Meridian Industrial Complex, Brgy. Macabling, Santa Rosa, Laguna, 4026 Philippines

Tel.: Laguna line: (+6349) 550 - 4785 • (+6349) 550 - 5216

Business Development: (+63) 998 587 3731

Email: private.label@spvcph.com • info@spvcph.com



Company name: The Ascott Limited

Company profile: A trusted hospitality company, Ascott's presence extends across Asia Pacific, Central Asia, Europe, the Middle East, Africa, and North America. Its diversified accommodation offerings span serviced residences, co-living properties, hotels, and independent senior living apartments. Ascott's award-winning hospitality brands include Ascott, Citadines, lyf, Oakwood, Somerset, The Crest Collection, The Unlimited Collection, Fox, Harris, POP!, Preference, Quest, Vertu, and Yello.

Founded in Singapore in 1984, the Ascott Brand commits to a hospitality experience that appreciates fine arts in all forms while positioning itself as the first international-class service residence in Asia Pacific. Today, it's one of the most trusted brands in Philippine hospitality, along with Ascott, Somerset, Oakwood, and lyf, spread across 17 properties nationwide, delivering unique Filipino Hospitality with The Ascott Limited Philippines. Members enjoy exclusive privileges and offers at participating properties through Ascott Star Rewards (ASR), the hospitality group's loyalty program.

Website: www.discoverasr.com



Company name: Tourism Infrastructure And Enterprise Zone Authority (TIEZA)

Company profile: TIEZA, a government corporation, was created by virtue of Republic Act No. 9593 or the Tourism Act of 2009, replacing the Philippine Tourism Authority (PTA).

It acts as Department of Tourism's implementing arm in providing support infrastructures and facilitating investments in tourism enterprise zones (TEZ) nationwide. This is carried out through its main functions – infrastructure development; designation, regulation and supervision of TEZs; management of its existing assets like golf courses, hotels and resorts, among others as well as the facilitation of their privatization; and administration of the collection of the Philippine Travel Tax.

Address: 6th & 7th Floors, Tower 1 Double Dragon Plaza Double Dragon Meridian Park Macapagal Avenue corner EDSA Extension, 1302, Bay Area, Pasay City

Tel.: 8249-5900 to 79. For general inquiries, please dial locals 646 and 625

Email: sales@tieza.gov.ph

Website: tieza.gov.ph

DIRECTORY OF CONTACTS

KEY GOVERNMENT AGENCIES

Department of Agrarian Reform

www.dar.gov.ph
Elliptical Road, Diliman, Quezon City
(+632) 8928 6821
contact_us@dar.gov.ph

Department of Agriculture

www.da.gov.ph
Elliptical Road, Diliman, Quezon City
(+632) 8928 8741 to 64 and (+632) 8273 2474
osec.official@da.gov.ph

Department of Budget and Management

www.dbm.gov.ph
Boncodin Hall, General Solano St., San Miguel, Manila
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osec@dbm.gov.ph
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Department of Education

www.deped.gov.ph
DepEd Complex, Meralco Avenue, Pasig City
(+632) 8687 2922
osec@deped.gov.ph
als.est@deped.gov.ph

Department of Energy

www.doe.gov.ph
Energy Center, Rizal Drive, Bonifacio Global City, Taguig City
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Department of Environment and Natural Resources

www.denr.gov.ph
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Department of Finance

https://www.dof.gov.ph/
DOF Bldg., BSP Complex, Roxas Blvd.
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Department of Foreign Affairs

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DFA Home Office, 2330 Roxas Boulevard, Pasay City
(+632) 8834 3000, (+632) 8834 4000

Department of Health

www.doh.gov.ph
San Lazaro Compound, Tayuman, Sta. Cruz, Manila
(+632) 8651 7800 Local 4203, 4225-27, 4250-54
hhrdb@doh.gov.ph

Department of Information and Communication Technology

www.dict.gov.ph
C.P Garcia Avenue, Diliman, Quezon City
(+632) 8920 0101
information@dict.gov.ph

Department of the Interior and Local Government

www.dilg.gov.ph
DILG NAPOLCOM Center, EDSA cor. Quezon Avenue, Quezon City
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https://www.dilg.gov.ph/public-assistance-center/

Department of Labor and Employment

www.dole.gov.ph
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Department of Public Works and Highways

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Department of Science and Technology

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Department of Tourism

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Department of Transportation

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Department of Trade and Industry

www.dti.gov.ph
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(+632) 7791 3100 / 7751 0384
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Philippine Economic Zone Authority

www.peza.gov.ph
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Tourism Infrastructure and Enterprise Zone Authority

www.tieza.gov.ph
6th & 7th Floors, Tower 1 Double Dragon Plaza Double Dragon Meridian Park Macapagal Avenue corner EDSA Extension, 1302, Bay Area, Pasay City
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ocoo@tieza.gov.ph

Bureau of Internal Revenue

www.bir.gov.ph
BIR National Office Bldg., BIR Road, Diliman, Quezon City
(+632) 8891 7000 / 8929 7676
contact_us@bir.gov.ph

Bureau of Customs

www.customs.gov.ph
South Harbor, Gate 3, Port Area, Manila
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Bureau of Treasury

https://www.treasury.gov.ph/
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Soriano Avenue Intramuros, Manila, Philippines
1002
(+632) 8663 2BTR or 8663 2287
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Philippine Export-Import Credit Agency

www.philexim.gov.ph
17/F Citibank Tower, Citibank Plaza, Makati City
(+632) 893 4397

Insurance Commission

www.insurance.gov.ph
1071 United Nations Ave., Ermita, Manila
(+632) 8523 8461 local 103/127
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Securities and Exchange Commission

www.sec.gov.ph
7907 Makati Avenue, Salcedo Village, Barangay
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Food & Drug Administration Philippines

www.fda.gov.ph
1781 Civic Drive, Filinvest Corporate City,
Alabang, Muntinlupa City
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National Economic and Development Authority

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12 St. J. Escriva Drive, Ortigas Center, Pasig City
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https://nrdc.denr.gov.ph/
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Maritime Industry Authority

https://marina.gov.ph/
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Metropolitan Waterworks and Sewerage System

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mwssregulatoryoffice@ro.mwss.gov.ph
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Public-Private Partnership Center

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8th Floor, One Cyberpod Centris, Eton Centris,
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(+632) 8709 4146
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Banko Sentral ng Pilipinas (BSP)

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Intellectual Property Office of the Philippines

www.ipophil.gov.ph
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operations@ipophil.gov.ph

Philippine Ports Authority

www.ppa.com.ph
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BCDA – Bases Conversion Devt Authority

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DOING BUSINESS IN THE PHILIPPINES 2025

