



# DOING BUSINESS IN THE PHILIPPINES

## 2026



IN COLLABORATION WITH



DIVINALAW





EUROPEAN CHAMBER OF COMMERCE  
OF THE PHILIPPINES  
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# DOING BUSINESS IN THE PHILIPPINES

2026

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# GET STARTED IN THE PHILIPPINES

What can the ECCP do for your business in the Philippines?

## BUSINESS DEVELOPMENT



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MARKET RESEARCH



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BUSINESS MISSION



EVENT MANAGEMENT



CUSTOMIZED BUSINESS SERVICES



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## Disclaimer:

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# MESSAGE FROM EUROPEAN CHAMBER OF COMMERCE OF THE PHILIPPINES PRESIDENT

The European Chamber of Commerce of the Philippines (ECCP) is proud to present the 2026 edition of the Doing Business in the Philippines Guidebook. As a trusted annual reference for both foreign and local investors, this publication offers timely and essential insights into the country's investment climate, regulatory developments, and emerging economic priorities. Through this guidebook, we aim to equip stakeholders with the knowledge needed to navigate the Philippine business environment and capitalize on its many opportunities.

The Philippines continues to position itself as one of Southeast Asia's most promising investment destinations. This trajectory is driven by ongoing structural reforms, robust macroeconomic fundamentals, and renewed global interest in the country's strategic location and human capital. Notably, the advancement of the European Union (EU)-Philippines Free Trade Agreement (FTA) negotiations and the continued benefits of the EU's Generalised Scheme of Preferences Plus (GSP+) reinforce the Philippines' importance as a key economic partner for Europe.

Investor sentiment remains strong, as reflected in consistent growth in investment approvals from the Department of Trade and Industry's Board of Investments (BOI) and other agencies. Reforms such as the CREATE MORE Act, liberalization of foreign ownership in renewable energy, the approval of 99-year land lease arrangements, and recent measures to ease regulatory compliance all point to a more open and competitive business environment. Initiatives such as the temporary suspension of BIR field audits also signal the government's intent to foster a fairer and more predictable regulatory climate.

The digitalization of government systems is another area of significant progress. The enactment of the Konektadong Pinoy Act and E-Governance Act are key steps toward modernizing public services, expanding digital infrastructure, and creating more seamless engagement between government, citizens, and the private sector. These developments are integral to the country's efforts to build a future-ready economy and enhance ease of doing business.

As an active Anti-Red Tape Authority (ARTA) Champion, the ECCP remains committed to advocating for efficient, transparent, and responsive government services. We will continue to work hand in hand with public and private sector partners in advancing reforms that promote sustainable and inclusive growth.

With strong economic fundamentals, a young and dynamic workforce, and a clear commitment to reform, the Philippines enters 2026 with renewed momentum. The ECCP is honored to accompany the business community in this journey, enabling innovation, resilience, and meaningful partnerships.

Together, let us continue to build the Philippines as a prime investment destination in the region.

**Mr. Paulo Duarte**  
President, ECCP  
Managing Director, Bosch Philippines



# MESSAGE FROM DIVINALAW

## Strengthening Partnerships, Sustaining Progress.

For the fourth consecutive year, DivinaLaw is honored to collaborate with the European Chamber of Commerce of the Philippines (ECCP)—and for the second time, with the Board of Investments (BOI)—in producing the *2026 Doing Business in the Philippines Guidebook*.

This continued partnership demonstrates our shared commitment to fostering legal clarity, investor confidence, and sustainable economic growth. With the BOI's invaluable participation, the 2026 edition builds on last year's foundation—further enriching

this Guidebook with updated insights, expanded chapters, and forward-looking policy perspectives that reflect the Philippines' evolving investment landscape.

At DivinaLaw, we believe that law is more than a set of rules—it is a catalyst for progress. Our work goes beyond legal compliance; we aim to educate, empower, and enable businesses to thrive within an evolving economic and regulatory landscape. Guided by our core values of promptness, proactivity, and results, we continue to serve clients across industries such as energy, banking, telecommunications, real estate, healthcare, manufacturing, and technology, driving both enterprise success and national growth.

*The Doing Business in the Philippines Guidebook* embodies this vision. The 2026 edition incorporates timely legal and regulatory updates essential to investors and entrepreneurs, including:

- Expanded coverage of foreign direct investments, now including the Investor's Lease Act, to help foreign investors better understand land use opportunities;
- A comprehensive discussion of incentives under the CREATE Act and the CREATE MORE Act, alongside the Strategic Investment Priority Plan (SIPP);
- Revisions to foreign exchange, taxation, and reportorial requirements, in line with new issuances from the BSP, BIR, and SEC; and
- Enhanced focus on key industries—Renewable Energy (reflecting the DOE's Revised Omnibus Guidelines and the new Certificate of Authority), Financial Technology, Real Estate, and Mining—which continue to define the country's growth trajectory.

In addition, we included an updated Directory of Investment Zones and Contacts, a practical resource for investors seeking direct access to key agencies, ecozones, and local investment promotion offices (LIPOs). Featuring the Philippine Association of Local Investment Promotion Officers (PALIO) and other essential contacts, this Directory bridges information gaps and supports a more efficient investment process for businesses of all sizes.

We also take pride of our renewed collaboration with the BOI, whose leadership in promoting strategic industries and implementing initiatives such as the Green Lane for Investments continues to shape a more competitive and investor-friendly environment. The BOI's contributions to this year's chapters—especially on Investing through the BOI and Understanding BOI and Economic Zone Authorities—provide invaluable context for enterprises exploring opportunities in both local and special economic zones.

Together with the ECCP and BOI, DivinaLaw remains steadfast in its goal to provide practical knowledge, credible guidance, and actionable insights that empower investors to make sound business decisions in the Philippines. By working hand in hand with government and industry partners, we aim to strengthen our nation's position as a premier investment destination in Asia—one that rewards integrity, innovation, and inclusion.

As we continue this collaboration, may this Guidebook inspire both local and foreign enterprises to build boldly, invest wisely, and contribute meaningfully to our country's progress—guided by the timeless words of Scripture: "*Seek the peace and prosperity of the city to which I have carried you... Pray to the Lord for it, because if it prospers, you too will prosper.*" — Jeremiah 29:7

With faith in God and love for country, may we work together toward a future marked by progress, unity, and shared prosperity.

**Atty. Nilo T. Divina**  
Managing Partner  
DivinaLaw



# MESSAGE FROM THE BOARD OF INVESTMENTS

The Board of Investments (BOI) extends its warmest congratulations to the **European Chamber of Commerce of the Philippines** (ECCP) on the release of the 2026 edition of the **Doing Business in the Philippines Guidebook**. Now in the second year of our meaningful partnership for this flagship publication, we once again collaborate to provide investors with a comprehensive and reliable reference that highlights the vast opportunities in the Philippine economy.

We deeply value our longstanding partnership with ECCP in promoting and facilitating investments in the Philippines. ECCP continues to play an instrumental role in strengthening PH-Europe relations through its 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 in the Philippines, has significantly enhanced our visibility and strengthened interest from foreign investors.

Since its first edition, this guidebook remains an essential resource for potential investors, offering valuable insights into the country's business environment and the latest developments in key growth sectors such as manufacturing, mining, security and defense, and renewable energy. These priority sectors align with the BOI's Investors' Guidebook and sector-specific value propositions, which are designed to promote sustainable and high-value investments.

By equipping businesses with timely and relevant information, this publication enables investors to make strategic and well-informed decisions when exploring opportunities in the Philippines. This approach not only enhances investor confidence but also fosters long-term partnerships that drive economic growth.

Our collective efforts are bearing fruit, as European countries have emerged among the leading source of the Philippines' foreign direct investments (FDIs) and investment approvals. From January to October 2025, a total of Php8.3 billion worth of projects were approved by the BOI, accounting for significant investments in the country. 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 efforts in organizing business fora here in Manila and other cities in Europe, along with your partnership with the BOI and DivinaLaw for this guidebook, are pivotal in showcasing the Philippines as a premier investment destination.

We look forward to further strengthening this partnership as we continue to **MAKE IT HAPPEN IN THE PHILIPPINES**. The BOI remains steadfast in its efforts to enhance the country's investment environment, building an economy that is open, competitive, and resilient to position the Philippines as the regional hub for smart and sustainable manufacturing and services.

**Hon. Ceferino S. Rodolfo**  
Trade Undersecretary and BOI Managing Head



# MESSAGE FROM DELEGATION OF THE EUROPEAN UNION TO THE PHILIPPINES

My warm greetings and heartfelt congratulations to the European Chamber of Commerce of the Philippines (ECCP) on the 2026 edition of the Doing Business in the Philippines Guidebook! Let me also take this opportunity to thank the ECCP for its invaluable role and in strengthening EU-Philippines economic relations.

In Europe, economic strategy is increasingly centred on building resilient, diversified, and secure supply chains. This reflects our commitment to working with reliable partners to establish stable and future-proof economic linkages as we navigate a rapidly changing global landscape. The Philippines stands out as one of these partners - with its strong economic performance, expanding consumer base, and strategic location. Our economies demonstrate strong complementarities that can drive sustainable and mutually beneficial growth.

In this context, advancing the EU-Philippines Free Trade Agreement is both timely and strategic. The FTA represents a pillar of stability, a clear signal of commitment to openness and a rules-based trade, and a strong affirmation that while we both have our own interests, we remain very much like-minded. At the same time, the EU continues to support the Philippines through cooperation initiatives that advance priorities such as the green transition and digitalisation. These efforts reinforce our economic partnership by promoting innovation, sustainability, and inclusive growth.

As we look ahead to 2026, the EU remains committed to working with partners in government and the wider business community to foster a more competitive and sustainable Philippine economy. I am confident that this guidebook will continue to equip businesses and other stakeholders in exploring opportunities in the country. May it inspire more European firms to expand their foothold and forge lasting partnerships in the Philippines.

*Maraming salamat!*

**H.E. Massimo Santoro**  
Ambassador  
European Union Delegation to the Philippines



# MESSAGE FROM THE ROYAL NORWEGIAN EMBASSY IN MANILA

Congratulations European Chamber of Commerce (ECCP) on another successful edition of the Doing Business in the Philippines Guidebook. It is a very important tool for providing business insights to those looking to establish business operations in the Philippines.

This year, we have seen a growing interest in the sustainable solutions from many Norwegian companies. Norway is a pioneer in green industries, leading the way for the electrification of transport. Circular economy is also one growing avenue of interest to close the loop of the circular economy in the Philippines.

Norwegian companies have also introduced innovative solutions to help the Philippines achieve its renewable energy mix by 2030. At the same time, the maritime sector is advancing towards digitalization and decarbonization.

The previous year have faced headwind on our global economy. Despite of the increasing global uncertainty and market disruptions, there is still a growing need for new solutions in the market. This guidebook is not only important to give businesses an overview on how to start a business in the Philippines, but it will, hopefully help them to also thrive.

I am very happy with our growing close collaboration with the ECCP throughout the years, and I am confident that this collaboration will further grow to highlight and promote increasing business interest towards the ASEAN region, and the Philippines.

**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), I extend my warmest greetings to the European Chamber of Commerce of the Philippines (ECCP) on the publication of the Doing Business in the Philippines 2026 guidebook.

For decades, this publication has served as a trusted compass for investors exploring opportunities in our country. It provides not only essential data and insights but also a deeper understanding of the values that drive Philippine enterprise—resilience, innovation, and a strong sense of partnership.

The Department of Trade and Industry is steadfast in fostering a business environment anchored on transparency, competitiveness, and ease of doing business. Through strategic reforms such as the CREATE MORE Act, the Green Lanes for Strategic investments, and the Tatak Pinoy initiative, we continue to attract quality investments that generate employment, enhance productivity, and strengthen the global positioning of Philippine industries.

Equally vital to this effort is our partnership with the private sector and foreign chambers such as the ECCP. Your support in promoting the Philippines as an investment destination has been invaluable. Together, we are creating a more dynamic and sustainable economy—one that champions innovation, empowers micro, small, and medium enterprises (MSMEs), and upholds responsible and inclusive growth.

As we move forward under President Ferdinand R. Marcos Jr.'s Bagong Pilipinas vision, the DTI reaffirms its commitment to building an economy that is open, future-ready, and globally competitive. We welcome more investors to join us in shaping an environment where business thrives, opportunities abound, and every Filipino benefits from shared Progress.

May the 2026 edition of Doing Business in the Philippines continue to serve as an indispensable resource for the global business community and a testament to our enduring confidence in the Philippine economy.

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



# MESSAGE FROM THE PHILIPPINE ECONOMIC ZONE AUTHORITY

On behalf of the Philippine Economic Zone Authority (PEZA), I extend my warmest congratulations to the European Chamber of Commerce of the Philippines (ECCP) on the launch of the Doing Business in the Philippines (DBIP) Guidebook—a timely and valuable resource for investors seeking to participate in the country's dynamic growth Story.

This guidebook reflects our shared vision of a Philippines that is open, competitive, and forward-looking—where doing business is not only seamless, but also meaningful and transformative. It provides practical guidance to navigate our evolving investment landscape and highlights the many opportunities for innovation, partnership, and sustainable development that the Philippines proudly offers.

As the government's premier agency for investment promotion and ecozone development, PEZA remains steadfast in driving inclusive and sustainable economic growth through investments, exports, and job generation. We take pride in our strong partnership with European investors, who continue to be vital contributors to our nation's progress.

To date, 343 PEZA-registered enterprises with European equity have infused over PHP 412 billion in investments, generated more than US\$15 billion in exports, and created over 510,000 direct jobs for Filipinos. These figures represent more than economic gains—they symbolize the deep trust and enduring partnership between European investors and the Philippines.

As the CREATE MORE Act ushers in a new era of investment dynamism, PEZA continues to enhance its incentives, policies, and services to foster investor confidence, efficiency, and long-term partnerships. Guided by our mantra, *“Eco-zoning the Philippines towards inclusive and sustainable development,”* we are building next- generation ecozones that integrate productivity, innovation, and environmental stewardship—where economic progress and sustainability go hand in hand.

May this guidebook encourage more stakeholders to discover the vast opportunities that the Philippines offers and inspire them to become partners in building a prosperous, inclusive, and sustainable Bagong Pilipinas.

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

# CONNECT. ENGAGE. GROW.

YOUR BUSINESS WITH   
IN 4 EASY STEPS

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.**

1



Fill up the form.

Go to [www.eccp.com/contact](http://www.eccp.com/contact) and enter details about your business requirements.

2



ECCP will send the proposal based on your requirement with tailor-fit services to match your needs.

3



Do not forget to sign the agreement once the terms and conditions have been finalized between your company and ECCP.

4



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 [paulelijah.lim@eccp.com](mailto:paulelijah.lim@eccp.com).

# ABOUT THE EUROPEAN CHAMBER OF COMMERCE OF THE PHILIPPINES



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. As a membership organization with over 900 members among its ranks and a strong partnership with the government, the ECCP offers a robust business network that holds great potential in translating to tangible business opportunities. The Chamber strives to make its members' viewpoints heard on economic and business issues, legislative measures, and administrative regulations.

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

With 47 years of experience, the ECCP is proud to have over 915 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 stakeholders, the ECCP supports 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 such as letters to members of the government, creation of position papers on proposed reforms or current issues, and a collection of Advocacy Papers published annually. ECCP positions cover crosscutting issues and sector-specific matters, listing key recommendations on actions necessary to support market access for European businesses and enable long-term economic welfare for the Philippines.



In addition to advocacy work, the ECCP, through its subsidiary, Fairs and More Inc. (FMI), provides extensive services to exhibitors and visitors of European and Asian trade fairs. The ECCP represents leading European trade fairs in food and beverage, aviation, fashion and textiles, electronics, industrial goods, and building materials. Conversely, 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.



# ABOUT DIVINALAW



DIVINALAW

For 20 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 Philippines Law Firm Awards (2019, 2020, 2021)*

### **Top Law Firm in Corporate and Commercial**

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

### **Top Law Firm in Data Compliance and Cybersecurity**

*Asia Business Law Journal Philippines Law Firm Awards (2022, 2023, 2024, 2025)*

### **Data Privacy and Protection Law Firm of the Year**

*Asian Legal Business Philippine Law Awards (2022, 2025)*

### **Dispute Resolution Law Firm of the Year**

*Asian Legal Business Philippine Law Awards (2024)*

### **Top Law Firm in Energy**

*Asia Business Law Journal Philippines Law Firm Awards (2024, 2025)*

### **Top Law Firm in Entertainment, E-sports & Gaming**

*Asia Business Law Journal Philippines Law Firm Awards (2025)*

### **Top Law Firm in Fintech**

*Asia Business Law Journal Philippines Law Firm Awards (2025)*

### **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, 2025)*

### **Top Law Firm in Insurance and Reinsurance**

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

### **Top Law Firm in Private Equity and Venture Capital**

*Asia Business Law Journal Philippines Law Firm Awards (2019, 2020)*

### **Top Law Firm in Restructuring and Insolvency**

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

### **Technology, Media and Telecommunications Law Firm of the Year**

*Asian Legal Business Philippine Law Awards (2024, 2025)*

### **Top Law Firm in Technology, Media and Telecommunications**

*Asia Business Law Journal Philippines Law Firm Awards (2025)*

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

*International Business Awards (2024)*

### **Gold Stevie Award for Most Innovative TikTok Channel**

*Asia-Pacific Stevie Awards (2025)*

### **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 Innovative Achievement in Corporate Social Responsibility**

*Asia-Pacific Stevie Awards (2025)*

### **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**

*Asia-Pacific Stevie Awards (2025)*

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

*International Business Awards (2024)*

### **Bronze Stevie for Most Innovative Use of Social Media**

*International Business Awards (2025)*

### **Bronze Stevie for Achievement in CSR**

*International Business Awards (2025)*

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

*Asian Legal Business Philippine Law Awards (2021)*



DIVINALAW

## PRACTICE AREAS:

- Arbitration & Alternative Dispute Resolution
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- Tax & Estate Planning
- Transportation

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DivinaLawPH

# 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](http://www.boi.gov.ph).



# THE PHILIPPINES

MAKE IT  
HAPPEN



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](http://www.boi.gov.ph).



**SPEAK TO OUR TEAM AT  
WWW.PHILIPPINES.BUSINESS**

## 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.

# Embrace the world

Discover our destinations and services on [klm.com](http://klm.com)



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# THE PHILIPPINES

**KEY COUNTRY FACTS:** Divided into three island groups - Luzon, Visayas, and Mindanao - and with 18 regions, 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:** Filipino and English

**RELIGIONS:** Roman Catholic (78.8%), Islam (4%), Iglesia ni Cristo (2.6%), and other more religious affiliations (8.2%)

**POPULATION:** 112,729,484

**MEDIAN AGE:** 25.7 years old

**KEY EXPORTS INDUSTRY:** Electronic Products, Mineral Products, and Machinery and Transport Equipment



The Philippines stands out as one of the fastest economies in Southeast Asia, demonstrating resilience and robust growth. In the second quarter of 2025, the Philippine Statistics Authority reported that the Philippine Gross Domestic Product (GDP) grew by 5.5% and the Gross National Income (GNI) by 8.2%. Both the World Bank and the Asian Development Bank forecast a growth rate for the Philippines of 5.3% and 5.6%, respectively.

Economic performance has been buoyed by stable employment and inflation conditions. Employment remained steady in September 2025, with an employment rate of 96.2%, which translates to about 50 million Filipinos employed. Whereas headline inflation for the Philippines in October 2025 has been reported at 1.7%, within the target range of 2.0 to 4.0%.

In the second quarter of 2025, approved Foreign Investments (FDI) totaled to PHP 67.38 billion. Leading investors include Singapore (79.4% of the total), the USA (5.88%), and South Korea (2.54%). Among

European countries, Netherlands stood as the lead investors with Php 1,907 billion approved foreign investments. Key industries attracting these investments were electricity, gas, steam and air conditioning supply.

Export performance of goods has been robust. The commodities that contributed to the expansion of exports of goods were electronic data processing and machinery and transport equipment, with the latter accounting for about 50% of the growth. Participation in the Regional Comprehensive Economic Partnership (RCEP) further enhances export opportunities by providing zero or lower import tariff with certain partner states such as China, Japan, and Singapore.

Reforms such as the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (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 Association of Southeast Asian Nations (ASEAN) presents a supportive backdrop for the Philippines' growth. The second quarter of 2025 showcased that growth emerged stronger across most Southeast Asian economies. This was due to companies front-loading business activities to capitalize on the 90-day pause in the implementation of reciprocal tariffs. Because of a low inflationary environment and a positive labor market, private consumption was also one of the key drivers for economic growth in the region. Moreover, with the addition of Timor-Leste into ASEAN in October 2025, this is expected to open new trade and investment opportunities.

The growth outlook remains resilient for the Philippines. According to the Asian Development Bank, GDP is projected to expand by 5.7% in 2026 on continued strong domestic demand. Sustaining this trajectory will require continued focus public infrastructure investment and structural reforms that lower barriers against foreign participation



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# ENDLESS ADVENTURES, LIMITLESS HORIZONS



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# TRADE RELATIONS BETWEEN THE PHILIPPINES AND EUROPE



The European Union continues to be a vital economic partner for the Philippines. As of 2024, the EU held its place as the Philippines' fourth-largest trading partner for goods, accounting for approximately 7% of its total trade. Philippine exports to the EU were led by electronics, valued at EUR 6.3 billion, with significant contributions from coconut oil, machinery, and preserved tuna. Alternatively, the Philippines imports key European products such as aircraft, machinery, pharmaceuticals, and animal products.

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 Philippines Free Trade Agreement**

The European Free Trade Association, or EFTA, is an intergovernmental organization established to promote free trade for its four member states: Iceland, Liechtenstein, Norway, and Switzerland. The EFTA-Philippines Free Trade Agreement was formally signed on April 28, 2016. It later took effect, entering into force on June 1, 2018, for Norway, Switzerland, and Liechtenstein, and then for Iceland on January 1, 2020. This Agreement governs economic interactions, covering trade in goods and services, investment, intellectual property rights, government procurement, and trade and sustainable development.

In terms of market access, the Agreement established significant tariff concessions. The Philippines committed to eliminating most tariffs for EFTA exporters within a 7-year period. This increased the share of duty-free exports from EFTA states to the Philippine market, rising to 89% for Iceland from 11.2% before the FTA, 98.6% for Norway from 34.5%, and 99.4% for Switzerland and Liechtenstein from 22.4%. In turn, the EFTA countries eliminated 99.9% of their duties on industrial products from the Philippines as of the entry into force of the Agreement.

In terms of market access, the agreement established significant tariff reductions for both sides. The Philippines will eliminate most tariffs to EFTA exporters within 7 years. It represents 89% of Iceland's exports (11.2% before the FTA), 98.6% of Norway's exports (34.5% before the FTA) and 99.4% of Switzerland/Liechtenstein's exports (22.4% before the FTA). EFTA countries eliminated 99.9% of their duties on industrial products as of the entry into force of the Agreement. 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.

Regarding overall trade volume, the total exchange reached EUR 690 million in 2024. This consisted of EUR 290 million in total imports and EUR 400 million in total exports. These reflect a steady growth trend, with imports showing an average growth rate of 5% over the last five years, while exports grew at an average of 6.5% annually. The main exports from the EFTA states to the Philippines included electrical machinery, pharmaceutical products, and machinery mechanical appliances, while their main imports from the Philippines were electronic machinery, optical and medical instruments, and woven apparel. Among the EFTA member states, Switzerland was revealed to have engaged in the most trade, followed by Norway.

Since the agreement entered into force, the first meeting of the Subcommittee and Joint Committee was held in Geneva in January 2023. The parties discussed the implementation of the trade and sustainable development chapter, focusing on the ratification of international labour conventions and the Philippines' domestic policies concerning freedom of association, child labour, and climate change.

### **European Union (EU) GSP+**

The European Union's Generalized Scheme of Preferences Plus (GSP+) is a special trade arrangement that grants developing countries duty-free access to the EU market. In return, beneficiaries must commit to implementing 27

international conventions concerning human rights, labour rights, environmental protection, and good governance. The Philippines is a beneficiary of this scheme, which allows over 6,200 product lines to enter the EU with zero or reduced tariffs. This preferential access is particularly advantageous for key Philippine industries such as agriculture, textiles and garments, and electronics manufacturing.

The European Union's Generalized Scheme of Preferences Plus (GSP+) is a special trade arrangement that grants vulnerable developing countries duty-free access to the EU market. In return, beneficiaries must commit to implementing 27 international conventions concerning human rights, labour rights, environmental protection, and good governance. The Philippines is a beneficiary of this scheme, which allows over 6,200 product lines to enter the EU with zero tariffs. This preferential access is particularly advantageous for key Philippine industries such as agriculture, textiles and garments, and electronics manufacturing.

The total value of all EU imports from the Philippines reached €8.6 billion in 2023, making the Philippines the largest source of imports among all GSP+ countries. Preferential imports specifically using the GSP+ scheme reached €2.0 billion, solidifying the Philippines' position as the second-largest beneficiary of the GSP+ arrangement globally, after Pakistan. After an extension of 4 years, the GSP+ to the Philippines is set to expire from 2023 to 2027.

### **EU-Philippines Free Trade Agreement**

After an Hiatus, the EU and the Philippines agreed to resume negotiations in March 2024. Four rounds of Free Trade Agreement (FTA) negotiations have already taken place in Brussels and Manila since then, with the fourth taking place during October 2025. This confirms the importance of the Indo-Pacific region for the EU's trade agenda, paving the way for deeper trade ties with the Philippines, a key partner for the EU in the Indo-Pacific, and further strengthening the EU's strategic engagement with this fast-growing region. The resumption of the FTA negotiations is also in line with 2021's EU Indo-Pacific Strategy.

Negotiations for an EU-Philippines trade and investment agreement were launched on 22 December 2015. The second round of negotiations between the EU and the Philippines took place in February 2017, but the talks were then put on hold.

The EU aims for a comprehensive and modern FTA with the Philippines that includes: Ambitious market access for goods, services, investment and government procurement; the removal of obstacles to digital trade and trade in energy and raw materials, thereby supporting the digital and green transitions; the protection of intellectual property rights including Geographical Indications (GIs), and; robust and enforceable disciplines on trade and sustainable development (TSD)

Both sides are aiming to conclude a comprehensive agreement by 2026 or early 2027. With the expiration of the GSP+ on 2027 in mind, the FTA stands as the Philippines' opportunity for the continued preferential access to the EU's 450-million-strong consumer market.

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# KEY BUSINESS REGISTRATIONS AND LICENSES

Steps	Government Agency	Estimated Duration	Others
<b>1. Entity Registration</b>	Securities and Exchange Commission (SEC) or Department of Trade and Industry (DTI)	1 – 2 weeks	Obtain and register the stock and transfer book from the SEC.
<b>2. Local Government Registration</b>			
a. <b>Barangay Clearance</b>	Barangay where the principal place of business is located.	1 – 2 days from the submission of documents	
b. <b>Business Permit</b> and ancillary local permits (e.g., sanitary, locational, and fire permits)	Local government unit where the principal place of business is located.	1-3 weeks	Payment of local taxes
<b>3. Tax Registration</b>	Bureau of Internal Revenue (BIR)	1 – 3 days	Tax Identification Number (TIN), Certificate of Registration (COR), and Authority to Print Invoices, and register books of account.
<b>4. Social Benefits Registration</b>	A. Social Security System (SSS), B. Philippine Health Insurance Company (PhilHealth), C. Home Development Mutual Fund (Pag-IBIG), and D. Department of Labor and Employment (DOLE). <sup>1</sup>	1 – 2 weeks	
<b>5. Secondary Licenses</b>			For certain activities and industries.

<sup>1</sup> In certain instances, registration with the Department of Labor and Employment may not be required.

# INVESTING WITH INCENTIVES



# INVESTING WITH INCENTIVES

The Philippines, through the Board of Investments (BOI), formulates a Strategic Investment Priority Plan (SIPP) aimed at developing globally competitive industries, generating high skilled jobs, strengthening micro, small and medium enterprises, improving locally produced goods and services and ultimately addressing socioeconomic issues. The SIPP is valid for a period of three

years and is subject to review and amendment every three years thereafter.

As of late 2025, the new SIPP (covering 2025–2028) was targeted for release by the fourth quarter of 2025 and had not yet been fully issued. Below are the preferred areas of investment based on the 2022 SIPP List of Priority Activities:

## A. Strategic Investment Priority Plan

### Tier I

A. Preferred Activities	B. Export Activities	C. Special Laws
1. Qualified Activities against Covid-19 Pandemic 2. Activities supportive of government programs to generate employment opportunities outside of congested urban areas 3. Qualified Manufacturing Activities 4. Agriculture, Fishery and Forestry 5. Strategic Services 6. Healthcare and Disaster Risk Reduction Management Services 7. Mass Housing 8. Infrastructure and Logistics 9. Innovation Drivers 10. Inclusive Business Models 11. Environment or Climate Change- Related Projects 12. Energy	13. Production and manufacture of export products 14. Services Exports 15. Activities in support of exporters	16. Industrial Tree Plantation 17. Mining 18. Publication or Printing of Books or Textbooks 19. Refining, Storage, Marketing and Distribution of Petroleum Products 20. Rehabilitation, Self-Development and Self-Reliance of Persons with Disability (R.A. 7277); 21. Renewable Energy (R.A. 9513); 22. Tourism (R.A. 9593); and 23. Energy Efficiency and Conservation (R.A. 11285).

The Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) List contains the following priority investment areas: Export Activities; Agriculture, Agribusiness, Aquaculture and Fishery; Basic Industries; Infrastructure and Services; Industrial Service Facilities; Engineering Industries; Logistics; BIMP-EAGA investment Enterprises; Tourism; Health and Education Services and Facilities; Halal Industry; Investment Operations under Republic Act No. 11439 and Energy.

### Tier III

- Research and Development and activities adopting advance digital production technologies of the fourth industrial revolution
- Highly technical manufacturing and production of innovative products and services
- Establishment of innovation support facilities

### Tier II

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

## 1. INCENTIVES

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 BOI, Philippine Economic Zone Authority (PEZA), Bases Conversion and Development Authority (BCDA), Subic Bay Metropolitan Authority (SBMA), and Clark Development Corporation (CDC), Cagayan Economic Zone Authority (CEZA), Freeport Area of Bataan

Authority (AFAB), Aurora Pacific Economic Zone Authority (APECO) and Zamboanga City Special Economic Zone Authority (ZCSEZA).

### a. Fiscal Incentives

Under Republic Act (RA) No.11534, as amended by RA No. 12066 , RBEs may opt to avail of Income Tax Holiday (ITH), followed by the Special Corporate Income Tax (SCIT) or Enhanced Deductions Regime (EDR), or SCIT or EDR immediately at the start of commercial operations. Previously, the second option was not available to RBEs as the only option was to avail of the ITH first. Moreover, the elected incentive package is irrevocable for the entire duration of entitlement to such incentives.

Fiscal Incentives	Approved by FIRB for enterprises with an investment capital of more than 15 billion pesos		Approved by IPAs for enterprises with an investment capital of 15 billion pesos and below	
	Registered Export Enterprise	Domestic Market Enterprise / High Value Domestic Market Enterprises (HVDME)	Registered Export Enterprise	Domestic Market Enterprise
ITH	ITH of 4 to 7 years, depending on location and industry + SCIT/ EDR for 20 years	ITH of 4 to 7 years, depending on location and industry + EDR for 20 years	ITH of 4 to 7 years, depending on location and industry + SCIT/ EDR for 10 years	ITH of 4 to 7 years, depending on location and industry + EDR for 10 years
SCIT or EDR	SCIT/EDR for a maximum of 24 years to 27 years depending on location and industry	EDR for a maximum of 24 years to 27 years depending on location and industry	SCIT/EDR for a maximum of 14 years to 17 years depending on location and industry	EDR for a maximum of 14 years to 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 on 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 on 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

### b. Non-Fiscal Incentives

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

## 2. UNDERSTANDING BOI AND ECONOMIC ZONE AUTHORITIES: A SIDE-BY-SIDE COMPARISON

Feature	BOI	PEZA	CDC / SBMA	CEZA	AFAB	APEC0	ZCSEZA
<b>Full Name</b>	Board of Investments	Philippine Economic Zone Authority	Clark Development Corporation/Subic Bay Metropolitan Authority	Cagayan Economic Zone Authority	Authority of the Freeport Area of Bataan	Aurora Pacific Economic Zone Authority	Zamboanga City Special Economic Zone Authority
<b>Governing Law (Charter)</b>	EO 226 (Omnibus Investments Code)	RA 7916 (Special Economic Zone Act)	RA 7227 (Bases Conversion & Development Act)	RA 7922	RA 9728	RA 9490 (as amended by RA 10083)	RA 7903
<b>Incentive Law</b>	CREATE & CREATE MORE (Title XIII, National Internal Revenue Code) applies to ALL agencies for fiscal incentives.						
<b>Location of Project</b>	Anywhere in the Philippines (Subject to SIPP Priority)	Must be located in a PEZA-registered Ecozone or IT Park	Clark Freeport Zone / Subic Bay Freeport Zone	Cagayan Special Economic Zone	Freeport Area of Bataan (Mariveles)	Aurora Special Economic Zone (Casiguran)	Zamboanga City Special Economic Zone

### a. Fiscal Incentives

**Uniform and valid for BOI, PEZA, CDC, SBMA, CEZA, AFAB, APEC0, ZCSEZA**

Incentive	Details (Based on the CREATE & CREATE MORE Acts)
<b>Income Tax Holiday (ITH)</b>	4 to 7 Years <i>(Duration depends on location and Industry Tier in the Strategic Investment Priority Plan)</i>
<b>Post-ITH Incentive</b>	Export Enterprises: Option of 5% Special Corporate Income Tax (SCIT) OR Enhanced Deductions (ED) for 10 Years. Domestic Market Enterprises: Enhanced Deductions (ED) for 5 Years.

Incentive	Details (Based on the CREATE & CREATE MORE Acts)
Customs Duty	0% Duty on importation of capital equipment, raw materials, spare parts, and accessories directly attributable to the registered project or activity, including goods used for administrative purpose.
VAT	VAT Exemption on importation and VAT Zero-Rating on local purchases for goods/services directly attributable to the registered project or activity of an REE or a registered HVDM, including incidental expenses.

### b. Non-Fiscal Incentives

Feature	BOI	PEZA	CDC / SBMA	CEZA	AFAB / APEC / ZCSEZA
Employment of Foreign Nationals	May employ foreign nationals in supervisory, technical, or advisory positions (usually for 5 years, extendable).	Similar privileges; facilitated via DOJ for 47(a) (2) visas.	Can employ foreign executives/ technicians; specific work permits issued by the Zone Authority.	Can employ foreign nationals; specific work permits issued by CEZA.	Can employ foreign nationals; specific work permits issued by the Authority.
Visa Privileges	SIRV (Special Investor's Resident Visa) or 47(a) (2) Visa.	47(a)(2) Special Non-Immigrant Visa (facilitated by PEZA, issued by DOJ/BI).	SCWV (Subic-Clark Working Visa) and SCIV (Investor Visa) Processed directly by CDC/SBMA.	CEZA Working Visa & CEZA Investor Visa (Permanent resident status within the zone).	FAB / APEC / ZCSEZA Investor & Working Visas (Residency status valid within the respective Freeport).

Note: Visa and employment privileges often remain distinct under the specific agency charters.

## 3. INVESTING THROUGH THE BOI

### A. Overview

The BOI is the lead government agency responsible for the promotion of investments in the Philippines. It is an agency attached to the DTI. Focused on fostering growth in desirable areas of economic activities in the country, the BOI formulates and implements policies and programs to enhance the competitiveness of local industries. This includes preparing annually the SIPP which contains a list of specific activities that can qualify for incentives, implementing interventions and rationalization programs, 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 (OSAC-SI), 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](http://www.boi.gov.ph).

### B. Registration

To qualify for registration under the BOI, the foreign enterprise must engage in a project not reserved for Filipino citizens, or export at least 70% of their total production.

Filipino citizens or corporation may register under the BOI regardless if it is engaged in pioneer or non-pioneer projects if it proposes to engage in a preferred project listed in the current SIPP, or if it exports at least 50% of its total production for export.

In all cases, the applicant must be able to show that it is capable of operating efficiently and contributing to the national development of the preferred area and to the national economy.

**a. Registration and Filing Fees**

Classification	Project Cost	Filing Fee	Registration Fee
<b>New/Expansion</b>			
Micro Project	Not exceeding 3M	Php 1,500	
Small	Exceeding 3M but not over 15M	Php 3,000	
Medium	Exceeding 15M but not over 20M	Php 3,000	1/10 of 1% of project cost, but not less than Php 3,000, and not to exceed Php 15,000
	Exceeding 20M but not over 50M	Php 4,500	
	Exceeding 50M but not over 100M	Php 6,000	
Large	Over 100M	Php 6,000	
<b>Existing Projects</b>			
Micro	Not exceeding 3M	Php 1,500	Php 3,000
Small	Exceeding 3M but not over 15M	Php 1,500	Php 3,000
Medium	Exceeding 15M but not over 20M	Php 1,500	Php 3,000
Large	Over 100M	Php 1,500	Php 3,000

**b. Documentary Requirements**

1. Accomplished, signed and duly notarized BOI application form
2. Google Map, indicating the applicant's existing project/s located near the proposed site
3. Business Model- Schematic diagram or model of activity being registered clearly indicating how the proponent will earn revenue
4. Financial Projections for 5 to 10 years with breakdown of Cost of Sales and Manufacturing Expenses
5. Audited Financial Statements, Income Tax Return for the past three years, if applicable
6. SEC registration with Articles of Incorporation and By-laws or DTI Certificate of Registration
7. Latest SEC General Information Sheet; if stockholders are corporations, copy of their latest GIS
8. Board Resolution authorizing officer to transact, execute and sign in behalf of the applicant enterprise; that the firm has no action or proceeding against the project
9. Other requirements/endorsement that the specific sector of activity may require

**c. Registration Process in Four Simple Steps**

1. **Submit Application Documents.** Submit the duly accomplished and notarized application form (BOI Form 501) for verification of completeness and consistency of the information in the documents either online through the BOI Online Services System or manually at the BOI Office. Once the documents are complete, the application is accepted for check listing of substance and information. The officially accepted application is processed within 20 working days.
2. **Pay the Filing Fees.** After filing the application, the applicant will receive a copy of the Notice of Publication and an assessment bill and order of payment of filing fee and issuance of official receipt. Pay the filing fee, publish the Notice in a newspaper of general circulation and submit the application form to the records division where an application number will be assigned.
3. **Receive Notice of Board Action.** The Project will be evaluated and presented to the Management Committee and the Board. The applicant will receive a Notice

of Board Action. Once approved, submit the pre-registration requirements to the Project Evaluation and Registration Division and pay the registration fee.

**4. Receive the Certification of Registration.** The applicant will then receive the Certificate of Registration and be eligible for the incentives provided for BOI-registered enterprises.

investment to the country; ii. consequential economic impact; iii. positive impact on the environment; iv. significant contribution to the country's balance of payments; v. with complex technical processes and engineering designs; and vi. will bring about improvement in the country's infrastructure capabilities.

#### **A. Green Lanes for Strategic Investment**

Executive Order 18 s 2023, otherwise knowns as "Constituting Green Lanes for Strategic Investments" (EO 18) is a government-wide response to enhance the Ease of Doing Business by mandating the creation of Green Lane units in all government offices that will expedite, streamline and automate government processes for Strategic Investments.

It complements the landmark economic reforms such as the Amended Foreign Investments Act, Amended Retail Trade Liberalization Act, Amended Public Service Act, Amended Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, and relaxed foreign equity participation in renewable energy sector.

#### **2. Outstanding features of the EO 18**

- Establishment of OSAC-SI, which shall serve as the single point of entry for all projects that qualify as strategic investments.
- 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.
- NGAs and LGUs shall act on the application for the issuance of permit/license within the 3-7-20 rule under R.A 11032.
- Simultaneous processing of applications/projects endorsed as strategic investments
- Crafting of Investor's Guidebook containing the list of government requirements for the establishment of Strategic Investments per sector.
- Monitoring and reporting to the Office of the President by OSAC-SI of the progress of the permits and licenses applied for Strategic Investments.

#### **2. Strategic Investments.** Strategic Investments are those which are aligned with the Philippine Development Plan or any similar national development plans that are characterized as:

- i. having a significant capital or

Strategic Investments shall include but not be limited to:

**a. Highly Desirable Projects.** Investment Projects recommended by the FIRB 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.

**b. 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.

**c. Projects or activities under 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 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.

#### **3. Documentary Requirements**

- a. Accomplished Green Lane Application Form (Attached as Annex "A")
- b. Letter of Intent addressed to the Secretary of the Department of Trade and Industry
- c. Comprehensive Project Description
- d. Company Profile/Background (including all affiliates and partners, foreign or local)
- e. Copy of the Department of Energy (DOE) Service Contract and Certificate of Registration (for Renewable Energy

Projects)

- f. SEC Certificate of Registration and the latest General Information Sheet
- g. List of permits/licenses applied for or currently being applied for
- h. Secretary's Certificate authorizing a representative to transact with the OSAC-SI

The documentary requirements may be submitted through email at [greenlane@boi.gov.ph](mailto:greenlane@boi.gov.ph) or directly at the One-Stop Shop for Strategic Investment office located at the Investments Assistance Service, Ground Floor of the Board of Investments. Projects or activities that fail to qualify or are not endorsed for Green Lane services are still facilitated through the existing facilitation services provided by the BOI-Investments Assistance Service.

## **B. 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, as amended, 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) Can a foreign investor be allowed to own 100% of a business entity?**

Yes, one hundred percent (100%) foreign equity may be allowed in all areas of investments under RA 7042 or Foreign Investments Act (FIA), as amended, except those included in the Regular Foreign Investment Negative List (FINL).

### **4) What are the guarantees given for the safety of foreign investors?**

### **a. Repatriation of Investments**

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)

### **b. Remittance of Earnings**

Investors can remit earnings from the investments in the currency in which the investment was originally made and at the exchange rate prevailing at the time of remittance

### **c. Foreign Loan and Contracts**

Investors can transfer funds necessary for paying interest and principal on foreign loans or obligations from technology assistance contracts.

### **d. Freedom From Expropriation**

The government cannot expropriate the property of enterprises except for public use or in the interest of national welfare and defense and upon payment of just compensation.

### **e. Non-requisition of Investments**

The government cannot requisition the property of enterprises, except in the event of war or national emergency and only for the duration of that emergency.

### **5) 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 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.

### **6) 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/>

# I INVESTMENTS

# INVESTMENTS

## 1. LEGAL LANDSCAPE

The Philippines adopted a civil law system which consists of statutes enacted by the legislature and 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 executive orders issued by the Office of the President.

## 2. DOING BUSINESS IN THE PHILIPPINES

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

The Revised Corporation Code does not define the term “doing business”, however, Republic Act No. 7042, as amended, otherwise known as the Foreign Investments Act of 1991 (FIA) enumerates the following activities that 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, under the implementing rules and regulations of FIA, the following activities do not constitute “doing business” in the Philippines, and, thus, 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 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 which transacts business in the representative's or distributor's own name and account;
- d. Publication of a general advertisement through any print or broadcast media;
- e. Maintaining a stock of goods in the Philippines solely for the purpose of having 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 which are not on a continuing basis, 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, isolated transactions do not constitute “doing business” in the Philippines. 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 intellectual property rights of the foreign corporation, or to enforce foreign arbitral awards in its favor pursuant to an arbitration clause in a contract.

## 3. FOREIGN DIRECT INVESTMENTS

### A. Policy and General Rule

The FIA is the primary law governing foreign

investments in the Philippines. Generally, there are no restrictions on foreign investments, except for certain activities as provided in the Constitution and applicable laws. These restricted activities

are enumerated 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"> <li>1. Mass media, except recording and internet business</li> <li>2. Practice of professions, except in cases specifically allowed by law following the prescribed conditions stated therein</li> <li>3. Retail trade enterprises with paid-up capital of less than P25M</li> <li>4. Cooperatives, except investments of former natural born citizens of the Philippines</li> <li>5. Organization and operation of private detective, watchmen or security guard agencies</li> <li>6. Small-scale mining</li> <li>7. Utilization of marine resources in archipelagic waters, territorial sea and exclusive economic zone, as well as small-scale utilization of natural resources in rivers, lakes, bays and lagoons</li> <li>8. Ownership, operation and management of cockpits</li> <li>9. Manufacture, repair, stockpiling and/or distribution of nuclear weapons</li> <li>10. Manufacture, repair, stockpiling and/or distribution of biological, chemical and radiological weapons and anti-personnel mines</li> <li>11. Manufacture of firecrackers and other pyrotechnic devices</li> </ol>
Up to 25% foreign equity	<ol style="list-style-type: none"> <li>1. Private recruitment, whether for local or overseas employment</li> <li>2. Contracts for the construction of defense-related structures</li> </ol>
Up to thirty percent (30%) foreign equity	<ol style="list-style-type: none"> <li>1. Advertising</li> </ol>
Up to forty percent (40%) foreign equity	<ol style="list-style-type: none"> <li>1. Procurement of infrastructure projects</li> <li>2. Exploration, development and utilization of natural resources<sup>1</sup></li> <li>3. Ownership of private lands, except a natural born citizen who has lost his Philippine citizenship and who has the legal capacity to enter into a contract under Philippine laws</li> <li>4. Operation of public utilities<sup>2</sup></li> <li>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</li> <li>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 period of divestment</li> </ol>

<sup>1</sup> 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.

<sup>2</sup> 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.

Up to forty percent (40%) foreign equity	<ol style="list-style-type: none"> <li>7. Contracts for the supply of materials, goods, and commodities to government-owned or -controlled corporations, company, agency or municipal corporation</li> <li>8. Operation of deep-sea commercial fishing vessels</li> <li>9. Ownership of condominium units</li> <li>10. Private radio communications network</li> <li>11. Manufacture, repair, storage, and/or distribution of products and/or ingredients requiring Philippine National Police (PNP) clearance: <ol style="list-style-type: none"> <li>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;</li> <li>b. Gunpowder;</li> <li>c. Dynamite;</li> <li>d. Blasting supplies;</li> <li>e. Ingredients used in making explosives: <ol style="list-style-type: none"> <li>i. Chlorates of potassium and sodium;</li> <li>ii. Nitrates of ammonium, potassium, sodium barium, copper (11), lead (11), calcium and cuprite;</li> <li>iii. Nitric acid;</li> <li>iv. Nitrocellulose;</li> <li>v. Perchlorates of ammonium, potassium and sodium;</li> <li>vi. Dinitrocellulose;</li> <li>vii. Glycerol;</li> <li>viii. Amorphous phosphorus;</li> <li>ix. Hydrogen peroxide;</li> <li>x. Strontium nitrate powder;</li> <li>xi. Toluene; and</li> </ol> </li> <li>f. Telescopic sights, sniper scope and other similar devices.</li> </ol> </li> <li>12. Manufacture and distribution of dangerous drugs</li> <li>13. Sauna and steam bathhouses, massage clinics and other like activities regulated by law because of risks posed to public health and morals, except wellness centers</li> <li>14. All forms of gambling, except those covered by investment agreements with Philippine Amusement and Gaming Corporation</li> <li>15. Micro and small domestic market enterprises<sup>3</sup> with paid-in equity capital of less than the equivalent of US\$200,000.00</li> <li>16. Micro and small domestic market enterprises: (i) that involve advance technology as determined by 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.</li> </ol>
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<sup>3</sup> 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 in accordance with 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 own 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 need of seeking 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:

- i. 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).
- ii. 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 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.

iii. **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 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 in 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 is required to have an initial inward remittance of such amount as may be necessary to cover its operations in the Philippines, which shall

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 within thirty (30) calendar days from the execution of definitive agreements, but prior to any acts of consummation, if the following thresholds are reached:

- a. **Size of Party Test.** If the aggregate annual gross revenues in, into, or from the Philippines, or 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 Eight Billion Five Hundred Million Pesos (Php 8,500,000,000.00).
- b. **Size of Transaction Test.** The value of the transaction exceeds Three Billion Five Hundred Million Pesos (Php 3,500,000,000.00). 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.

An act of consummation is when parties have exercised any of their rights and obligations as transacting parties under the definitive agreement. The exercise of such rights and obligations by the

parties are to be factually determined by the PCC.

PCC review will be discussed in greater detail in Part VIII on Competition Law.

## 6. INVESTMENT IN A PUBLIC COMPANY

Acquisition of shares of Philippine public companies are subject to mandatory tender offer rules pursuant to 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 in excess of 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 intends to acquire fifteen percent (15%) of equity securities in a public company in one or more transactions within a period of twelve (12) months, is 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 a period of 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

Republic Act No. 7042 or the Foreign Investments Act of 1991  
Implementing Rules and Regulations of the Foreign Investments Act of 1991  
Saint Wealth Ltd. v. Bureau of Internal Revenue, G.R. Nos. 252965 & 254102, (2021)  
Republic Act No. 11232 or the Revised Corporation Code of the Philippines  
Republic Act No. 386 or the Civil Code  
Department of Energy Department Circular No. 2022-11-0034  
Republic Act No. 10667 or the Philippine Competition Act  
Implementing Rules and Regulations of the Philippine Competition Act  
PCC Resolution No. 01-2024  
PCC Rules on Merger Procedure  
PCC Clarificatory Note No. 16-001.  
Republic Act No. 8799 or the Securities Regulation Code  
2015 Implementing Rules and Regulation of the Securities Regulation Code  
Republic Act No. 8756 or the Omnibus Investments Code of 1987, as amended  
SEC Memorandum Circular No. 15 Series of 2006  
SEC Memorandum Circular No. 17 Series of 2019  
SEC Office of the General Counsel Opinion No. 10-17  
Republic Act No. 11659 or the Amendment to C.A. No. 146, the Public Service Act

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## II FOREIGN EXCHANGE CONTROLS

The Bangko Sentral ng Pilipinas (BSP) is the government agency that regulates foreign exchange transactions in the Philippines. The regulations on foreign exchange and related transactions are consolidated in the Manual of Regulations on Foreign Exchange Transactions (FX Manual), which is intended to facilitate compliance. 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 filed through BSP's Foreign Loans and Investments Management System (FLIMS) allowing for the electronic submissions of applications for FDI registration 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

Foreign loans/borrowings and 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 is still 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 of both public and private sectors 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 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 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 regularly reported to the BSP if the guarantee shall be serviced using the foreign exchange resources of AABs/AAB Forex Corps.

Guarantees or similar arrangements that may give rise to actual foreign obligation of residents to non-residents 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 likewise not required for investments funded through the 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. Investments in excess of the US\$60 million annual threshold may be purchased without prior BSP approval, provided, that the investor notifies the BSP at least fifteen (15) banking days after determination that the 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):

1. Letter of Credit (LC);
2. Document Against Payment (DP);
3. Document Against Acceptance (DA);
4. Open Account (OA);
5. Direct Remittance;
6. Advance Payment;
7. Digital Payment through E-Commerce Market Participants;
8. Self-Funded/"No Dollar" Imports;
9. Importations on 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):

1. LC;
2. DP/Cash Against Documents;
3. DA;
4. OA;
5. Consignment;
6. Export Advances; and
7. 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 Bulletin available at the BSP website. However, payments for the following may be made in Philippine pesos: (i) exports to ASEAN countries; Provided, that the BSP will not be asked to intervene in clearing any balances from this payments scheme; and (ii) gold sales to the BSP which are considered as constructive exports.

### **B. Non-Trade**

AAB/AAB Forex Corps may sell foreign exchange without need for prior BSP approval to cover payments for non-trade current account transactions. These include, but is not limited to, payment for travel and medical expenses abroad. 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**

Manual of Regulations on Foreign Exchange Transactions (May 2025)  
Circular Letter No. 2025-048



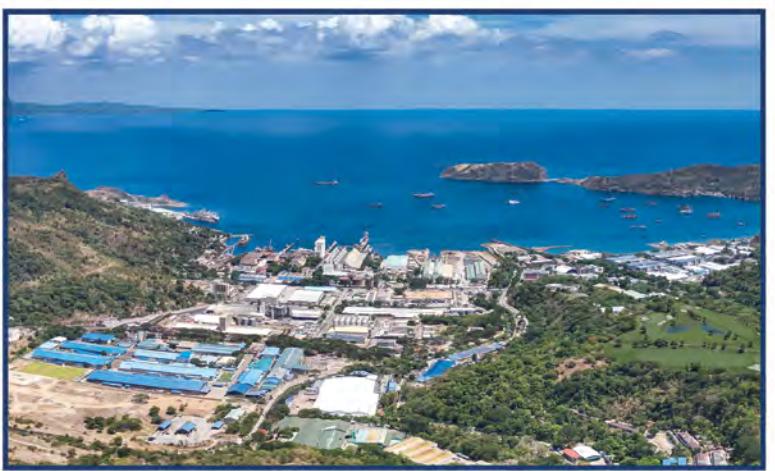
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III

# 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, obtain a taxpayer identification number (TIN), 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	
Individuals:		
Citizens and resident foreign individuals (Nonresident aliens engaged in trade or business within the Philippines are generally subject to the same tax rate)	A graduated tax rate of 0% (for annual income not exceeding P250,000) to 35% of taxable income	
Amount of Net Taxable Income	Over	But Not Over
-	P250,000	0%
P250,000	P400,000	15% of the excess over P250,000
P400,000	P800,000	P22,500 + 20% of the excess over P400,000
P800,000	P2,000,000	P102,500 + 25% of the excess over P800,000
P2,000,000	P8,000,000	P402,500 + 30% of the excess over P2,000,000
P8,000,000		P2,202,500 + 35% of the excess over P8,000,000
Non-resident foreign individuals not engaged in trade or business in the Philippines	25% of gross income	

Corporation:	
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

Income Recipient	Regular Income Tax
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
Corporation:	
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 or foreign corporation depends on whether the shares are listed or not. On the other

hand, the tax on the sale of real property in the Philippines depends on whether the same is held as a capital or ordinary asset. The summary of the tax imposed on these assets are as follows:

Shares of stock in a domestic or foreign corporation	
Classification:	Tax Type:
Traded in a Local or Foreign Stock Exchange	The sale is subject to percentage tax at the rate of one-tenth of one percent (1/10 of 1%) of the gross selling price or gross value in money of the shares of stock.
Not Traded in a Local or Foreign Stock Exchange	The sale is subject to capital gains tax (CGT) at the rate of fifteen percent (15%) of the net capital gains.
Real Property	
Classification:	Tax Type:
Capital Asset	CGT at the rate of six percent (6%) based on the gross selling price or the fair market value, whichever is higher.
Ordinary Asset	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***

The tax on dividends received from a domestic corporation depends on the classification of the income recipient. The summary of the tax imposed on dividend distributions by a domestic corporation are as follows:

Dividends received from a domestic corporation	
Dividend recipient:	Tax Rate:
Domestic Corporations or Resident Foreign Corporations	Exempt
Nonresident Foreign Corporation	Generally, subject to a final withholding tax of twenty-five percent (25%)  Except: A final withholding tax of fifteen percent (15%) may be imposed 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%)
Residents and/or citizens	Final tax of ten percent (10%)
Nonresident foreign individuals engaged in trade or business within the Philippines	Final tax of twenty percent (20%)
Nonresident foreign individuals not engaged in trade or business within the Philippines	Final tax of twenty-five percent (25%)

#### **b. Withholding Taxes**

thirty-five percent (35%).

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

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 and digital services. 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.

VAT is also imposed on nonresident Digital Service Providers (DSPs) requiring these foreign entities to register, file returns, and remit VAT.

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**

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**

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 jurisdiction.

#### **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 within Metro Manila 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.

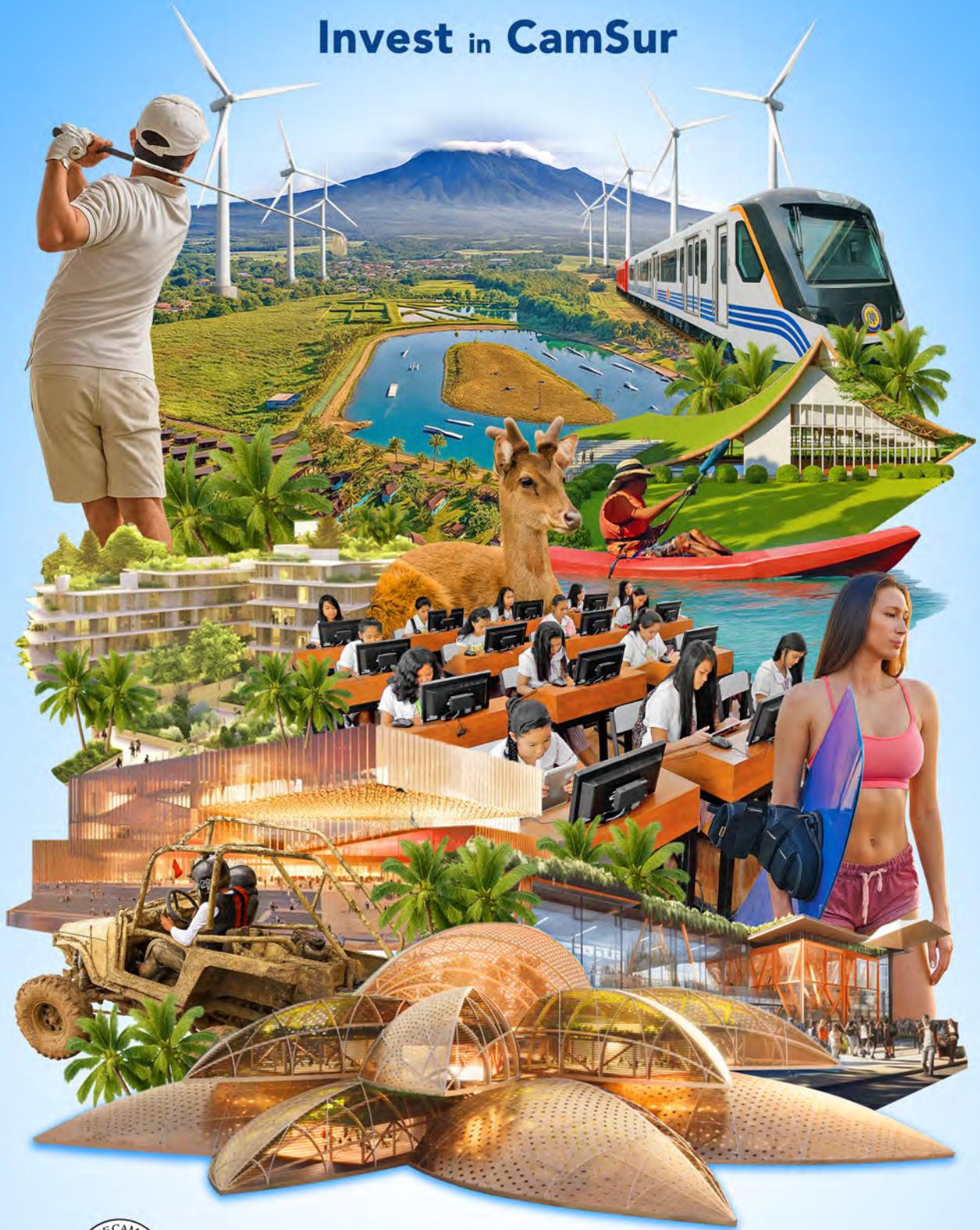
#### **References**

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), R.A. No. 12023 (VAT on Digital Services), R.A. No. 12066 (CREATE MORE), and R.A. No. 12214 (CMEPA).  
R.A. No. 7160, otherwise known as the “Local Government Code of 1991,” as amended.





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# IV 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	<b>Domestic Stock/Non-Stock Corporations</b>	General Information Sheet (GIS)	Annually within 30 calendar days from the date of actual annual stockholders' or members' meeting
		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 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	<b>Branch Offices and Representative Offices of Stock/Non-Stock Foreign Corporations, Regional Operating Headquarters, Regional Headquarters of Multinational Companies</b>	General Information Sheet (GIS)	Annually, within 30 calendar days from the anniversary date of the issuance of their respective SEC licenses

	Registered Entity	Report	Filing Period/Deadline
		<p>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</p> <p>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</p>	<p>For corporations with fiscal years ending on 31 December (calendar year), the deadline shall be in accordance with schedule released by the SEC based on the last numerical digit of their SEC registration numbers.</p> <p>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.</p>
III	<b>One Person Corporations (OPC)</b>	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
		<p>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</p> <p>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</p>	<p>For corporations with fiscal years ending on 31 December (calendar year), the deadline shall be in accordance with schedule released by the SEC based on the last numerical digit of their SEC registration numbers.</p> <p>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.</p>

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:<sup>1</sup>

<b>Annual Report</b>	Within 105 calendar days from the end of the fiscal year
<b>Quarterly Report which contains Interim Financial Statements and Interim Management's Discussion</b>	Within 45 calendar days after the end of the quarter
<b>Notice of Inability to File Annual Report and Quarterly Report</b>	On or before the required due date of filing the Annual or Quarterly Report
<b>Notice of suspension of filing of reports</b>	First day of fiscal year, has less than 100 holders of such class of securities or such other numbers as the Commission shall prescribe and it notifies the Commission of such.
<b>Current Report which contains disclosure to the public of every material fact or event that occurs, this would reasonably be expected to affect investor's decisions in relation to those securities.</b>	Within five (5) calendar days after the occurrence of the event reported.
<b>Preliminary Information Statement</b>	At least 10 business days prior to the date the definitive copies shall be sent/given.
<b>Definitive Information Statement</b>	At least 15 business days prior to the meeting date
<b>General Information Sheet</b>	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 30th of January of the following year.
<b>Certificate of Attendance of Directors in meetings of the Board of Directors</b>	On or before the 30th day of January of the following year
<b>Certification by the Compliance Officer as to the extent of company's compliance with its Manual on Corporate Governance</b>	On or before the 30th day of January of the following year
<b>Monthly Sales and Redemption Report which contains the amount and number of shares sold and redeemed, percentage of retail and institutional investors and the average NAV for the particular month.</b>	Within 30 days from effectiveness of the order declaring effective the registration of the investment company. Then within 10 days after the end of each month.
<b>Audited Financial Statements</b>	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

<sup>1</sup> 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 with 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 Provider. 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:
  - 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 mandatory time frame. The amount of the covered transaction would depend on the nature of the business of the covered person; and

- 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 covered transaction, subject to updating if it is finally confirmed to be reportable as 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 every two (2) years. Covered persons shall likewise immediately update its online registration whenever there are changes in the profile of its 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

AMLC Regulatory Issuance No. 01, Series of 2024, Guidelines on Compliance Optimization and Registration System

SEC Memorandum Circular No. 01, Series of 2025



# V LABOR AND EMPLOYMENT



## A. GENERAL CONSIDERATIONS

### **Constitutional Guarantees**

Sections 9 and 10 of Article II of the Philippine Constitution provides 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 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 law
- iv. Security of tenure
- v. Humane conditions of work
- vi. Living wage
- vii. Participation in policy and decision-making processes affecting 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 one who is made to go on a trial period by an employer during which the employer determines whether 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 just cause or when he fails to qualify as a regular employee in accordance with 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 one who is engaged to perform activities which are necessary and desirable in the usual business or trade of the employer, as opposed to those which 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, with respect to the activity in which they are employees

### **C. Project employment**

A project employee is one who is hired for carrying 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 in nature. 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 which 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 with respect 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 which 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-26, effective 18 July 2025 which 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:

<b>Sector/ Industry</b>	<b>Basic Wage</b>	<b>Basic Wage Increase</b>	<b>New Basic Wage</b>
Non- Agriculture	Php645.00	Php50.00	Php695.00
Agriculture (Plantation and Non plantation)	Php608.00	Php50.00	Php658.00
Retail/ Service Establishments employing 15 workers or less			
Manufacturing Establishments regularly employing 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 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 additional compensation of 10% of an employee's regular wage for each hour of work performed between 10pm and 6pm.

*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 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 to the employee half of the 13th month 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 paying their employees the "equivalent" of 13th month 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 pursuant 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 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 away 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 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 work hours shall not exceed twelve (12) hours a day or forty-eight (48) hours a week, or else, the premium shall be paid.

#### **Requirements:**

1. The CWW scheme must be undertaken under an express and voluntary agreement of majority of the covered employees or their duly authorized representatives.
2. 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 work beyond eight (8) hours is within the threshold limits or tolerable levels of exposure, as set in the OSHS.
3. 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 in excess of 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.
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 knowledge and consented 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 that it benefited the company; or
- b. That 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 Sun- days and holidays.*

4. Compensation for work rendered in excess of the eight (8) normal working hours in a day.
  - a. For ordinary days, additional 25% of the basic hourly rate.
  - b. For rest day/ special day/ holiday, 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 2026		
Date	Day	Event
January 1, 2026	Thursday	New Year's Day
April 2, 2026	Thursday	Maundy Thursday
April 3, 2026	Friday	Good Friday
April 9, 2026	Thursday	Araw ng Kagitingan
May 1, 2026	Friday	Labor Day
June 12, 2026	Friday	Independence Day
August 31, 2026	Monday	National Heroes' Day
November 30, 2026	Monday	Bonifacio Day
December 25, 2026	Friday	Christmas Day
December 30, 2026	Wednesday	Rizal Day
Dates to be announced on a separate Presidential Proclamation		Eid'l Fitr
		Eid'l Adha

Special (Non-Working) Holidays for 2026		
Date	Day	Event
February 17, 2026	Tuesday	Chinese New Year
April 19, 2026	Saturday	Black Saturday
August 21, 2026	Friday	Ninoy Aquino Day
November 1, 2026	Sunday	All Saints' Day
December 8, 2026	Tuesday	Feast of the Immaculate Conception
December 31, 2026	Thursday	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 pay as it is granted to an employee in lieu 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:**

1. *Employment:* A female employee employed at the time of delivery or miscarriage.
2. *Contribution:* Employee must have had at least three (3) monthly contributions in the 12-month period immediately preceding the semester of her childbirth, or miscarriage.
3. *Notice:* Employee notified employer of her pregnancy and the probable date of her childbirth, which notice shall be transmitted to the SSS in accordance with the rules and regulations it may provide; and
4. *Employer:* The employer shall advance the benefit to the employee. The SSS shall immediately reimburse the employer of 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 her child, shall be granted one hundred five (105) days 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 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 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. A parent who provides sole parental care and support for the child or children due to:
  1. Birth of a child or children because 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;
  2. Death of his/her spouse.
  3. Detention of his/her spouse for at least three (3) months or service of sentence for a criminal conviction.
  4. 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, or 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 has 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, if 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 woman employee must 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.

#### **e. 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 pay, or at least one (1) month 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 pay, or at least ½ month 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 afforded the opportunity to be heard and defend himself. Pursuant to 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) detailed narration of the facts and circumstances that will serve as basis for the charge; (c) specific rule and/or policy violated; and (d) period to submit a written explanation and/or reply which in case shall be less than five (5) calendar days.

##### **2. Submission of Letter Reply/Explanation**

The employee may submit his/her letter reply or explanation within the time provided in the Notice to Explain, which must not be less than five (5) days from receipt of said Notice.

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 given the opportunity 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; (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 prior to 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*

*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 authorized cause.
No Just or Authorized cause + Due Process	Invalid	Reinstate-ment or separation pay, if reinstatement not possible, + full back wages.
No Just or Authorized cause + No Due Process	Invalid	Reinstate-ment 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 if for authorized cause.

*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 unless termination is caused by serious financial losses.

A. 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 on 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 the purpose of collective bargaining or for 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 purpose of 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 prior to the start of their business operation. Employers shall submit to the Fund all data and information that may be required in relation 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 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 that would thereafter be filed with the Bureau of Immigration. (*Please refer to the Immigration Part of the Primer 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 is as follows:*

1. Company profile;
2. Certified True Copy (CTC) of the Securities and Exchange Commission (SEC) Registration with the Articles of Incorporation, By-Laws, and updated General Information Sheet ("GIS") of the corporation;
3. CTC by the relevant local government unit (LGU) of the corporation's Business or Mayor's Permit;
4. PEZA registration, if applicable;
5. Approved Accreditation of authorized representative, if applicable;

- a. Notarized Service Agreement;
- b. Notarized Secretary's Certificate for 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 in behalf of the company;
- e. The authorized representative's certificate of accreditation and accredited personnel's ID, as may be applicable

6. Copy of DOLE 1020 Registration

With respect to 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 shall be accredited by the DOLE-Regional Office where their principal offices are located, pursuant to Department Order No. 221-A, Series of 2022. Attendance in a seminar or orientation on AEP guidelines conducted by DOLE is a condition precedent to accreditation.

According to Section 1, Rule II of DOLE DO No. 248 Series of 2025, 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 is desired to be hired.

For new applications, employers are required to publish the job vacancy in a newspaper of general circulation unless the applicants are exempted or excluded under Section 1 and 3, respectively of Rule V of DOLE DO No. 248 Series of 2025. (It is worth to note as well that under DOLE DO No. 248-A or the supplemental guidelines on DOLE DO No. 248, job vacancy publications with the PhilJobnet, and the Public Employment Service Office (PESO) or Job Placement Office (JPO) having jurisdiction over the intended place of work are no longer mandatory but only encouraged.) The at least forty-five (45) calendar days prior to the application for AEP is no longer mandatory but only encouraged. The job vacancy publication shall be valid and effective for forty-five (45) days from the date of publication in a newspaper of general circulation. Within this forty-five (45)-day period, the AEP application may be filed within the 15<sup>th</sup> day of the effectivity of the publication

and within the 45<sup>th</sup> day from the publication. The applicant must also take into consideration that the filing must be done within fifteen (15) calendar days from signing of the contract of employment or the issuance of an appointment as per Section 3, Rule II of DOLE DO No. 248 Series of 2025.

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

1. Duly accomplished application signed by the employer and foreign national in the form prescribed and with all material information required by DOLE, including the Employer Registration Number (ERN); the line of business of the employer and whether it is a business entity granted fiscal incentives, is engaged in strategic investments or operates a public utility; the classification of the position to which the national is intended to be hired, among others;
2. Photocopy of passport bio-page with appropriate valid visa of the foreign national;
3. Photocopy of BIR Form No. 1904 or 1902 duly received by the Bureau of Internal Revenue (BIR) Revenue District Office indicating the Taxpayer Identification Number (TIN) of the foreign national; or a certification from the BIR with a list of foreign nationals and their respective TINs; or a copy of e registration;
4. Original copy of duly notarized or authenticated appointment or contract of employment signed by the foreign national and the employer, indicating the position, scope of work, duties and responsibilities, salary, and other benefits;
5. Proof of the employer's legal personality and authority to operate or do business, such as a certified true copy of the Certificate of Registration and Articles of Incorporation and By-Laws and updated General Information Sheet (GIS), issued by the Securities and Exchange Commission (SEC); or valid Business/Mayor's Permit; or Certificate of Registration from the economic zone authority where the employer is located;
6. Proof of publication in accordance with Section 1, unless exempted from the requirement under Section 2 of this Rule with a duly notarized affidavit of the responsible officer of the employer stating that no Filipino applied or was found competent, able, and willing for the position; and,
7. Other documentation to verify the qualifications of the foreign national, which may include educational credentials, relevant work experience, professional

licenses, skills certifications, or evidence of specialized training.

*Specific additional requirements for certain applications:*

1. Certified true copy of license from the Philippine Construction Accreditation Board (PCAB) or the Certificate of Registration issued by DOLE for contracting and subcontracting arrangements, whichever is applicable, in case of construction companies;
2. Certified true copy of license, accreditation, or appointment from the Philippine Amusement and Gaming Corporation (PAGCOR) or any other authorized freeport or economic zone, as applicable;
3. Special Temporary Permit (STP) issued by the Professional Regulation Commission (PRC), or proof of application received by the PRC if the foreign national is to engage in the practice of a regulated profession;
4. Authority to Employ Alien (AEA) issued by the DOJ, or proof of application received by the DOJ where the employer is covered by the Anti-Dummy Law;
5. Authority to Hire Foreign National (AHFN) issued by DENR, or proof of application in case of mining; or
6. Secretary's certification that the foreign national intended to be hired has been or shall be elected or appointed to any of the corporate officer positions referred to in Section 2 of this Rule and as such is exempted from the publication requirement.

*Understudy Training Program (UTP)/ Skills Development Program*

Submission of an UTP or SDP plan is required for the following establishments:

1. Those registered under the Foreign Investment Act, employing foreign national/s and enjoys fiscal incentives
2. Those engaged in the operation of public utilities or critical infrastructure under the Public Service Act, where foreign equity participation is allowed
3. Those identified as a strategic investment, including those in key sectors outlined in the Strategic Investment Priority Plan (SIPP) or equivalent national development framework.

Covered establishments shall submit the UTP / SDP plan during the AEP application or within 60 days from the commencement of employment

of the foreign national. Employers may use their own format for the plan, provided it contains the information specified under Section 3, Rule VI of DOLE DO No. 248 Series of 2025.

**Fees**

Application	Prescribed Fees
Application of AEP	Php6,000.00 for 1 year and an additional Php5,000.00 for every additional year or fraction thereof
Renewal of AEP or for additional position	Php6,000.00 for every additional year, with an additional fee of Five Thousand Pesos (PhP 5,000.00) for every additional year or fraction thereof.
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**

Pursuant to Sec. 9 Rule II of DOLE DO No. 248 Series of 2025, applications for new AEP shall be processed within fifteen (15) working days from the payment of the required fee and issued within one (1) working day after approval.

**Employer's Quarterly Report**

Under Sec. 25 of DOLE DO No. 221 Series of 2021, employers must submit a quarterly report or an updated list of foreign nationals employed within thirty (30) days from the reference period and 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.

## **Renewal of AEP**

Application	When to File
Renewal	<p>Not earlier than sixty (60) days before its expiration</p> <p>The applicant for renewal of AEP or for additional position shall pay to the DOLE Regional Office a fee of Six Thousand Pesos (Php6,000.00) for each year of validity, with an additional fee of Five Thousand Pesos (Php5,000.00) for every additional year or fraction thereof.</p> <p>The DOLE Regional Office shall have fifteen (15) working days to process and to deny or approve the application.</p>
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 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 for the appointment or election must be submitted within fifteen (15) working days after the election or appointment.

## **Reportorial requirements of the Employer:**

Under Section 2 Rule VI of DOLE DO No. 248 Series of 2025, the employer shall submit reports, material information and other requirements to the DOLE Regional Office which issued the AEP, as follows:

1. Quarterly report of the updated list of foreign nationals with AEPs that it employed, including confirmation of their status of employment, within thirty (30) calendar days from the end of each quarter.
2. Any change in the material information of the employer and the foreign national submitted in the application for AEP, within ten (10) calendar days from such change. This shall include but not limited to the following:
  - a. Change of name, business address, place of operation including transfer of the company to another location and contact details, and authorized representative of the employer if applicable;
  - b. In case the employer is a corporation, any amendments to the Articles of Incorporation or By-Laws that are relevant and material to the application or renewal of an AEP;
  - c. Change of personal data of the foreign national;
  - d. Change of the regular place of work where the foreign national is assigned;
  - e. Assignment of the foreign national to a related company, with certification by the responsible officer of the employer that the foreign national shall perform the same services or functions for which the AEP was issued;
  - f. Resignation or separation of the foreign national from employment;
  - g. Cessation of the activity or operation for which the foreign national was employed, or closure of business of the employer; and,
  - h. Such other information or disclosure germane to the effective implementation of these Rules as may be required by the DOLE Regional Office.
3. In case the continued employment of the foreign national in the position for which the AEP was issued requires re-election or re-appointment within the period of validity of the AEP, notarized corporate secretary's certification that the foreign national has been re-elected or re-appointed to the same position, at least ten (10) working days prior to the expiry of the foreign national's original term of election or appointment.
4. Periodic progress report on the

implementation of the Understudy Training Program (TUP) or Skills Development Program (SOP), as applicable, in accordance with the schedule of reporting prescribed in the approved UTP or SOP.

#### ***Aliens Exempted from Securing AEP***

Under Sec. 1 Rule V of DOLE DO No. 248 Series of 2025, 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 of which the Philippine government has entered into an agreement with, and their dependent spouse desiring to work in the Philippines.
3. Any foreign national who is an officer, staff or employee in his or her country's embassy in the Philippines.
4. Any foreign national who is an officer, staff or employee of a peacekeeping or international organization, either deployed in the Philippines or invited by a non-governmental organization and accredited, endorsed or certified by the appropriate government agency.
5. Any foreign national who comes to the Philippines to teach, present or conduct research in a university or college or in a government agency as a visiting, exchange or adjunct professor under a formal agreement between the Philippine and foreign university or college, or between the Philippine government and the sending government.
6. Any foreign national who is permanent, probationary or temporary resident visa holder.
7. Any refugee or stateless persons recognized by the DOJ pursuant to Article 17 of the 1951 and 1954 UN Conventions Relating to Status of Refugees and Stateless Persons.
8. All foreign nationals granted exemption by law.

#### ***Aliens Excluded from Securing AEP***

Under Sec. 3 Rule V of DOLE DO No. 248 Series of 2025, the following categories of foreign nationals desiring to work in the Philippines are excluded from securing an AEP, and in lieu thereof, must obtain a Certificate of Exclusion.

1. A foreign national who will be engaged as a member of the employer's governing board with voting rights only and who does not intervene in the management or day-to-day operations of the employer.
2. A foreign national who will be engaged as president or treasurer and who is a partner-owner of the employer, subject to the Anti-Dummy Law.
3. An intra-corporate transferee employed by a foreign service provider continuously for at least one (1) year prior to deployment to a branch, subsidiary, affiliate, or representative office in the Philippines as executive, manager or specialist, as defined below in accordance with relevant trade agreements:
  - a. Executive – a natural person within the organization who primarily directs the management of the organization and exercises wide latitude in decision making and receives only general supervision or direction from higher level executives, the board of directors, or stockholders of the business. An executive does not directly perform tasks related to the actual provision of the service or services of the employer.
  - b. Manager – a natural person within the organization who primarily directs the organization or a department or subdivision thereof, and who exercises supervision and control over other supervisory, managerial or professional staff. This position does not include first line supervisors unless the employees supervised are professionals, and employees who primarily perform tasks necessary for the provision of the service.
  - c. Specialist – a natural person within the organization who possesses knowledge at an advanced level of expertise essential to the establishment or provision of the organization's services, or proprietary knowledge of the organization's services, research equipment, techniques or management. It includes but is not limited to members of a licensed profession, unless the person mainly performs functions as executive or manager.
4. Contractual service supplier who is a manager, executive or specialist employed by a foreign service supplier which has no commercial presence in the Philippines.
  - a. Who enters in the Philippines temporarily to supply a service pursuant to a contract between his/her employer and a service

- b. customer in the Philippines
- b. Must possess appropriate educational and professional qualifications.
- c. Must be employed by the foreign service supplier for at least one year prior to the supply of service to the Philippines

5. Authorized representatives of the accredited/registered foreign principal/employer who participate in recruitment activities of its duly licensed recruitment/manning agency accredited or registered by the Department of Migrant Workers (DMW) 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 (3) working days after receipt of the complete documentary requirements and payment of fees.

Section 4, Rule V of DOLE DO No. 248 Series of 2025 lists the following documentary requirements to obtain a Certificate of Exclusion:

- 1. Notarized Certificate of Exclusion Form (latest revision 2025); and
- 2. Certified True Copy of the valid Business/ Mayor's Permit of the employer or Certificate of Registration from the relevant ecozone authority in case the employer is a locator in an economic zone.

The following additional requirements shall apply to the following categories of foreign nationals:

- 1. For those to be engaged as a member of the governing board (Sec. 3(a), Rule V)
  - Certified true copy of the updated General Information Sheet showing the name and position of the foreign national; and
  - Notarized Secretary's Certificate stating the term for which the foreign national was elected or appointed to serve as such and, where applicable, that the employer does not operate in a nationalized industry covered by the Anti-Dummy Law.

- 2. For intra-corporate transferees and contractual service providers who is a manager, executive, or a specialist employed by a foreign service provider which has no commercial presence in the Philippines (Sec. 3(c) and (d), Rule V)
  - Notarized or authenticated contract or certificate of employment between the foreign national and the originating foreign service supplier, including proof of continuous period of employment with the foreign service provider for at least one year and salary of the foreign national with such service provider; and
  - Notarized or authenticated secondment agreement between the originating foreign company and its branch, subsidiary, affiliate, or representative office in the Philippines, or the service contract between the foreign service supplier and the employer in the Philippines.
- 2. For an authorized representative of a foreign principal who participates in recruitment activities of its licensed recruitment agency accredited by the Department of Migrant Workers (DMW) (Sec. 3(e), Rule V)
  - Certified true copy of the Special Recruitment Authority (SRA) granted by the DMW acknowledging the authorized representative(s) of an accredited or registered foreign principal/employer who may, from time to time, come to the Philippines to participate in recruitment activities within the registered business address or acknowledged additional office(s) of an agency.

On the other hand, Section 2, Rule V of DOLE DO No. 248 Series of 2025 lists the following documentary requirements to obtain a Certificate of Exemption:

- 1. Notarized Certificate of Exemption Form (latest revision 2025);
- 2. Photocopy of passport biopage (except for stateless persons);
- 3. Photocopy of foreign national's valid visa and Alien Certificate of Registration I-Card, if applicable;
- 4. For dependent spouse under Sec. 1(a) DFA employment endorsement;
- 5. For those who came to teach under Sec 1(e), agreement between the academic institution involved or government agency;

6. For a refugee or stateless person under Sec. 1(g), Certificate of Recognition issued by the DOJ; and
7. For foreign national exempted by law Sec. 1(h), copy of the law granting exemption.

## A. OTHER LABOR CONCERNS

### ***Non-diminution of benefits***

General Rule: There is a prohibition against 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 be 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 requirement for submission is accepted by the object of 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 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, or 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 and 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 on the basis of their abilities, knowledge, skills and qualifications rather than their age.
2. Prohibit arbitrary age limitations in employment.
3. Promote their 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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# VI IMMIGRATION, VISAS, AND NATURALIZATION



# IMMIGRATION VISAS, NATURALIZATION, AND REACQUISITION OR RETENTION OF FILIPINO CITIZENSHIP

## 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.

The processing time usually takes two (2) to three (3) months from the submission of complete documentary requirements.

### **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.

The processing time usually takes two (2) to three (3) months from the submission of complete documentary requirements.

### **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.

The processing time usually takes one (1) to two (2) months from the submission of complete documentary requirements.

#### **4. Philippine Economic Zone Visa (PEZA) visa**

The work visa for PEZA was previously under the 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.

The processing time usually takes one (1) to two (2) months from the submission of complete documentary requirements.

#### **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.

##### *a. 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 in an eligible form of investment.

##### *b. 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.

The processing time usually takes one (1) to two (2) months from the submission of complete documentary requirements.

#### **6. Special Resident Retiree's Visa (SRRV)**

The Philippine Retirement Authority (PRA) is the government-owned controlled entity asked 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 non-immigrant visa permitting numerous entries and an indefinite duration of residence in the Philippines. The processing period takes at least one to two months depending on the current workload of the PRA and BI.

Effective 01 September 2025, the PRA offers the Expanded Special Resident Retiree's Visa (SRRV) Program, amending the age requirements and pensions for foreign nationals and former Filipinos to in the Philippines.

The common benefits of SRRV for all the Expanded SRRV Program are as follows:

- Permanent residency in the Philippines
- Multiple Entry and Indefinite Stay
- Discounts and Privileges from PRA-accredited Merchant Partners
- PRA newsletter subscription
- Assistance in transacting with other government agencies, including but not limited to
  1. Alien Employment Permit.

2. Driver's License and motor vehicle registration.
3. Philippine Tax Exemption/Extension Certificate.
4. Tax Identification Number; and
5. NBI Clearance

vi. Exemptions from:

1. Bureau of Immigration's Annual Reporting and the Alien Certificate of Registration Identification Card
2. Bureau of Immigration Exit/ Re-entry Permits
3. Customs duties and taxes for one-time importation of household goods and personal effects up to USD 7,000.00
4. Income tax over pension and annuities.
5. Travel Tax
6. Separate work/ student visa or permits

a. *SRRV Courtesy (For Foreign Nationals)*

*This is an SRRV Option for the Principal retirees under special categories such as retired diplomats, officers of international organizations recognized by the Philippine Department of Foreign Affairs, retired military service members from countries with recognized bilateral relations with the Philippines, and high achievers in academic, business, arts, culture, music, sports, including philanthropists.*

*Visa Deposit*

<b>50 years old and above</b>	<b>40-49 years old</b>	
USD 1,500	<i>Pensioner</i>	USD 3,000.00
	<i>Non-Pensioner</i>	USD 6,000.00

b. *SRRV Courtesy (For Former Filipinos)*

*This is an SRRV Option for Filipino retirees that are naturalized in other countries and have not re-acquired Filipino citizenship.*

*Visa Deposit*

<b>50 years old and above</b>	<b>40-49 years old</b>
USD 1,500	USD 3,000.00

## **DIFFERENT TYPES OF SRRV PROGRAM**

### **1. SRRV Classic**

This is an SRRV Option for the Principal retirees, pensioners or non-pensioners, who may opt to use the Visa Deposit/Requisite Dollar Time Deposit for investment purposes allowed under the SRRV program.

*Visa Deposit*

	<b>50 years old and above</b>	<b>40-49 years old</b>
<i>Pensioner</i>	USD 15,000.00	USD 25,000.00
<i>Non-Pensioner</i>	USD 30,000.00	USD 50,000.00

*Proof of lifetime pension of at least USD 800.00/month for single applicants and USD 1,000.00/month for applicants with dependents*

### **2. SRRV COURTESY**

*There are two types of SRRV courtesy, which could be for foreign nationals or for former Filipino citizens.*

### **7. Special Visa for Employment Generation (“SVEG”) under E.O. 758**

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. The BI shall communicate its decision with fifteen (15) days from submission of the complete requirements.

*a. Qualifications*

Non-immigrant foreigners who wish to avail of the SVEG should comply with all the following conditions:

- The foreigner shall, 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. The processing period takes at least 17 calendar days from submission of the complete requirements.

*a. Qualifications*

A foreign investor may be issued a Special

Investor's Resident Visa (SIRV) if he can prove the following qualifications:

- Not been convicted of a crime involving moral turpitude.
- Not afflicted with AIDS or any loathsome, dangerous, or contagious disease.
- Not been institutionalized for any mental disorder or disability.
- Investors visit the country at least twice a year and stay in the country at least seven (7) days for each visit, and
- 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 (RA 7277)**

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 Two Hundred Fifty Thousand United States Dollars (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 nationals holding specialized skills not readily available among Filipino workers and employed by companies 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)**

*a. 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.*

## **NATURALIZATION**

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

**1. Administrative naturalization<sup>1</sup>**

*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 naturalization<sup>2</sup>**

*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.

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

<sup>2</sup> Under Commonwealth Act 473, otherwise known as 'Revised Naturalization Law' as amended

- Must have been legally admitted into the country either as 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 resides 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 Polices enunciated in Art 2 of the 1987 Constitution.
- Must show financial capacity such that the applicant must own a real estate in the 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 prior to 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 naturalization<sup>3</sup>

#### a. Qualifications

The petitioner must be a foreign national who renders notable or extraordinary service to the country and to 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 the 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 is read into the records and thereafter referred to the proper committee for consideration. On second reading, debates on whether the grant of citizenship to the foreigner is favorable to the country or not will transpire. On third reading, members of Congress will vote to grant the citizenship or not. The naturalization bill granting Filipino citizenship to a foreigner must be approved by an affirmative vote of majority of the members present, constituting a quorum.

The approved naturalization bill is then transmitted to the other house of Congress for its concurrence. If the bill originated from

<sup>3</sup> Pursuant to legislative power under Article VI, Section 1 of the 1987 Constitution

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 a law.

*b. Benefit*

After 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.

## **R.A. 9225 – REACQUISITION OR RETENTION OF FILIPINO CITIZENSHIP**

The Philippines allows dual citizenship for former Filipinos who were naturalized in a foreign country.

**Republic Act No. 9225**, also known as the *Citizenship Retention and Re-acquisition Act of 2003*, allows natural-born Filipino citizens who have lost their citizenship through naturalization in a foreign country to *retain or re-acquire* their Philippine citizenship by taking an oath of allegiance before the Bureau of Immigration or a Philippine Consulate.

The law deems that former natural-born Filipino citizens who have become naturalized citizens of another country have not to have lost their Philippine citizenship. Upon taking the oath of allegiance, they regain full civil, political, and economic rights as Filipino citizens.

Unmarried children, whether legitimate, illegitimate, or adopted, who are below eighteen (18) years of age at the time their parent re-acquires Philippine citizenship, shall likewise be deemed to have re-acquired Philippine citizenship, through formal petition of inclusion as dependents in R.A. 9225.

### ***Reacquisition vs. Retention***

Those who became naturalized citizens of

another country **before** the effectivity of **R.A. 9225 or before 17 September 2003** are considered to have **lost their Philippine citizenship** under **Commonwealth Act No. 63**, but they may **re-acquire** it in accordance with R.A. 9225.

Conversely, individuals who were naturalized **after** the effectivity of **R.A. 9225 or after 17 September 2003** are regarded as not having lost their Philippine citizenship, but rather as having **retained** it.

Nevertheless, whether for retention or re-acquisition, the same application process applies, which usually takes at least one to three months from the submission of complete requirements.

### **Recognition as a Filipino Citizen**

The Philippine Constitution prescribes the rules and procedures for determining who may be recognized as Filipino citizens, as evidenced by the issuance of an Identification Certificate. The processing period generally takes a minimum of six months from the submission of complete requirements.

- a. Under the 1935 Constitution**, individuals born of a Filipino mother and a foreign father, automatically follow citizenship of the foreign father. Relatively, the child must first **elect** his or her Philippine citizenship upon reaching the age of majority. This election applies to those born **before 17 January 1973** and may be made before the **Philippine Statistics Authority** or a **Philippine Consulate**. After electing Philippine citizenship, the individual may **apply for formal recognition as a Filipino citizen** with the **Bureau of Immigration**.
- b. Under the 1973 Constitution**, Filipino citizenship may be recognized for individuals who claim citizenship by birth—whether legitimate or illegitimate—whose **father and mother** are Filipino citizens at the time of their birth.
- c. The 1987 Constitution**, meanwhile, grants Filipino citizenship to those **born to at least one Filipino parent**, whether the father or mother.
- d. A child who was not included as a dependent in the derivative reacquisition or retention process under R.A. 9225 by his or her parents may, upon reaching the age of majority, file an application for recognition as a Filipino citizen with the Bureau of Immigration.**

## 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)  
Expanded Special Resident Retiree's Visa  
Program  
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  
Republic Act 9139 or The Administrative  
Naturalization Law of 2000  
Commonwealth Act 473 or Revised Naturalization  
Law  
Republic Act 9225 or Citizenship Retention and  
Re-acquisition Act of 2003  
1935 Constitution  
1973 Constitution  
1987 Constitution



# 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 lieu 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 pursuant to IPOPHL Memorandum Circular No. 2022-013 dated 27 May 2022. The service of notices, orders, and final decisions are primarily done through electronic mail, pursuant to IPOPHL Memorandum Circular (MC) No. 2021-015 dated 14 May 2021.

### I. PATENTS

In the time of the 4th Industrial Revolution or Industry 4.0, technology becomes a key driving factor amongst 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 its investment and intellectual property protected.

#### A. Artificial Intelligence

Artificial Intelligence (“AI”) refers to a series of technologies that simulates 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 are patentable, copyrightable or a *sui generis* system. Currently, as widely accepted, a 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 are 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. The same rule is applied in the Philippines since the Sec. 171.1 of the IP Code defines an “author” as a natural person who created the work.

While the law relating to the patentability of software and business methods is still not harmonized internationally, it is inevitable that these issues are 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 committing infringement. For instance there can be separate instances of infringement depending on the multiple claims in a patent, and multiple cross-border parties committing infringement 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 are prosecuted the same way with administrative, civil and criminal remedies available. Thus, the importance of adopting robust IP protection, monitoring and compliance policies become 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 set forth in the Implementing Rules and Regulations

of Republic Act No. 8293, as amended 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, its technical features, including those which may form part of a prior art. It must conform to the invention as set forth 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 technical features of the invention. Specifically, the descriptions of each claim shall use terms which 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,” stating 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 claim)

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 which are necessary for the definition of the claimed subject matter.

As for the fees, a claims fee shall be charged only for claims in excess of 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.

*Sources: 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 evolving social, economic, and political climate of the country. Among the pertinent pending legislations 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 IPOPohl 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 be in violation of this Act in accordance with 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 which 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 to 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 the 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 that 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 the 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 which 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. In order 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 a 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 which 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 true and 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 a period of not less than three (3) years but not more than five (5) years and/or 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 a period of 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 to 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 platforms, after due hearing, to prevent further access to an online location, streaming or digital platforms, whose primary purpose or primary effect of which is copyright infringement.

The copyright owner or the exclusive licensee of the copyright is the eligible party who may submit an application to 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 own inquiry procedure for preventive action on online infringement but nonetheless shall consider the following:

- (i) Whether the online location, streaming or digital platforms makes available or contains 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 ground 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 (Php100,000.00), 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 file an application 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 in accordance with 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 with respect to 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**

### **A. Trademark Registration**

The IPOPHL has issued 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 its formal filing requirements.

As regards filing and procedural requirements, the amended rules now require full automated transactions with the IPOPHL and the use of 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. The period for the applicant, registrant, or agent to reply to Bureau of Trademark correspondences is now counted from the date the email was sent by the IPOPHL to the registered email address, and no longer from the date the hard copy was sent to the listed address.

Revisions to IPOPHL’s fee structure have also been made under MC 2023-002 or the “Amendments to IPOPHL MC No. 16-012 (IPOPHL Revised Fee Structure of 217) in Relation to 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 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” as 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 legalisation, 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.

### **B. Rules on well-known marks in the Philippines**

The IPOPHL has introduced new rules to streamline the process for declaring and registering well-known trademarks. These have been outlined in MC No. 2025-009, which took effect on April 28, 2025.

The IP Code recognizes the existence of well-known marks. It prevents the registration of

any mark that is identical or confusingly similar to a brand already considered well-known internationally and in the Philippines. Prior to MC No. 2025-009, Philippine Jurisprudence established the criteria for the determination of a mark's well-known status. In 2021, the Supreme Court held that the courts, the Director General of the IPOPohl, and the Director of the Bureau of Legal Affairs are the competent authorities that can officially declare a mark as well-known. Once a mark is deemed well-known, its protection extends beyond its registered goods or services. It can even be protected from use on unrelated products if that use would suggest a false connection with the brand owner and is likely to cause damage to their interests. This protection applies even if the well-known mark is not registered in the Philippines.

MC No. 2025-009 established a clearer reference to well-known marks in the Philippines. The rule provided for an *ex-parte* procedure for establishing a mark's well-known status and compiling an official register. This initiative aimed to strengthen intellectual property rights and make the trademark registration process more efficient.

#### *The Declaration Process and Key Criteria*

Under the new rules, a brand owner can file a notarized application with the IPOPohl, providing detailed information about the mark, its use, and a comprehensive set of evidence supporting its claim to being well-known.

To be considered a well-known mark, the application must provide evidence for the following four mandatory criteria:

1. The duration, extent, and geographical area of the mark's use and promotion.
2. The market share held by the mark.
3. Its inherent or acquired distinctiveness.
4. The mark's global registration and use.

Additionally, the IPOPohl may consider other factors, such as the mark's quality, reputation, commercial value, successful protection records, and outcome of any related litigation. Once the application is filed, an Examiner reviews the evidence and may request for further documentation. The process is *ex-parte*, meaning it doesn't initially involve a third party.

Upon approval, the declared well-known mark is published in the E-Gazette. Interested third parties then have one month to file an observation with supporting documents, to which the applicant may respond. This process is reviewed by a consultative committee before the final decision is

made by the Director of Trademarks.

A declaration of well-known status is valid for 10 years and serves as *prima facie* evidence of the mark's status for the specified goods or services. It also ensures that the mark is included in the new Register of Well-Known Marks, which Examiners use as a reference when evaluating new trademark applications. The declaration can be renewed every ten years, provided that the owner submits proof of the mark's continued use and well-known status.

Owners of marks that have been previously declared "well-known" by a court or other authority can also apply to have their marks included in the new Register by submitting the relevant documents and proof of continuous use within five years of the new rules' effectiveness.

The IPOPohl's new rules for well-known marks pose a positive step for Philippine intellectual property by creating a clear, efficient process for declaring and registering these marks as well as providing brand owners with stronger legal protection. This streamlined system fosters a more confident business environment, attracting investment and safeguarding brand reputations in the digital age.

*Sources: 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; IPOPohl Memorandum Circular No. 2023-001, IPOPohl Memorandum Circular No. 2023-002, IPOPohl Memorandum Circular No. 2022-022, IPOPohl Memorandum Circular No. 2021-021, IPOPohl Memorandum Circular No. 2025-009.*

### **III. GEOGRAPHICAL INDICATION (GI)**

In 2022, the IPOPohl issued IPOPohl MC No. 2022-022 or "the Rules and Regulations on Geographical Indications," (GI Rules) marking a significant milestone in the country's effort to strengthen the protection of products whose quality, reputation, or characteristics are essentially attributable to their geographical origin. The introduction of these rules aligns the Philippines with the best practices and the objectives of the World Intellectual Property Organization (WIPO) in promoting geographical indications as a tool for sustainable development and cultural preservation.

The GI Rules aim to provide enhanced protection for Philippine geographical indications and to build a competitive advantage for local and indigenous products. The framework introduces clearer

procedures for registration, recognition, and enforcement of GIs, while also setting standards for the maintenance of quality and the prevention of misleading commercial practices.

Since the release of the GI Rules, the Philippines has achieved a historic first: the registration of the Guimaras Mango as the country's inaugural geographical indication. Renowned globally as the world's sweetest mangoes, the Guimaras Mango is now officially protected as a product whose distinctiveness is intrinsically tied to the island's unique climate, soil, and cultivation methods. The registration safeguards producers against unauthorized use of the name by third parties who might mislead consumers as to the mango's true origin, quality, or characteristics.

This protection not only prevents unfair competition but also enhances the product's branding, market access, and potential for higher value in both domestic and international markets. It reinforces the connection between intellectual property and local economic empowerment by ensuring that communities directly benefit from the reputation and quality associated with their regional products.

Building on this success, the Philippines approved its second registered GI in 2025—Albuquerque Asin Tibuok—a traditional artisanal sea salt from Bohol. The recognition of the Albuquerque Asin Tibuok, known for its unique preparation process and historical significance, demonstrates the growing appreciation for Philippine heritage goods and the role of GIs in preserving traditional knowledge and promoting rural development.

The establishment and implementation of a national system for geographical indication signify the Philippines' commitment to promoting authenticity, quality, and sustainability in local industries. As more regions and communities pursue GI registration, the Philippines moves closer to positioning its indigenous and traditional products within the global value chain.

#### IV. MEDIATION AND ALTERNATIVE DISPUTE RESOLUTION

The IPOPHL 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, IPOPHL 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 minimise litigious expenses, the IPOPHL 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 IPOPHL has also issued new rules for the mediation of IP cases outside of litigation, with the hopes of de-clogging its dockets.

#### V. NATIONAL INTELLECTUAL PROPERTY STRATEGY FOR 2025-2030

The Philippine Intellectual Property Strategy (PHIPS) 2025-2030, titled "*Hapag-Isipan: A Vision for the Philippine Intellectual Property Strategy*," sets the goal of positioning the Philippines as the global table for creativity, innovation, and collaboration to build and enjoy IPs towards shared progress. The strategy is designed to unlock new economic opportunities and drive socio-economic and cultural progress through IP.

The PHIPS 2025-2030 emphasizes a key shift in focus from "Intellectual" (IP development and protection of IP rights) to "Property" (emphasizing IP valuation, investment banking, and financial services to maximize return on investments). It likewise aims to position the Philippines as the source of and market for creative and innovative IP products, due to its large base of young, talented, creative, innovative, and tech-savvy population. Lastly, it seeks to maximize the power of AI and other new technologies to expand the whole IP ecosystem – from idea generation, IP development, to IP protection, commercialization, and e-commerce integration.

The PHIPS 2025-2030 is built on four (4) core pillars:

1. **IDEAS: Cultivate creativity and innovation and intensify IP awareness and IP education through a whole-of-society approach** – This pillar draws on the metaphor of offering an idea at the *hapag* (table) as the beginning of IP, fostering a platform for collaborative and open innovation, with the following action points:

- *Goals and Education:* Intensify IP awareness and IP education through a whole-of-society approach to teach the importance of IP from schools to various industries.
- *Educational Integration:* Action points include engaging the National Innovative Council (NIC) and the Philippine Creative Industries Development Council (PCIDC), and embedding IP topics in the education system targeting all levels.

- *Capacity Building:* Targeted capacity building for the creative sector, cultural workers, MSMEs (Micro, Small, and Medium Enterprises), the professional ecosystem, and cybersecurity experts.
- *Digitalization and Research:* Improve the accessibility and reach of IP education through the digitalization of programs (using a centralized, user-friendly digital platform and engaging content). It also seeks to develop and issue a comprehensive IP research agenda to direct academics in advancing knowledge on emerging fields like AI, blockchain, and the metaverse.
- *Local Focus:* The strategy seeks to deepen IP awareness and partnerships at the local level by implementing and expanding the Customized IP-Regional Development Plan (RDP) and supporting the Creative Cities Initiatives.

**2. PROGRESS: Nourish effective network of services for IP valuation and commercialization** – This pillar focuses on transforming IP into assets that sustain and enrich society by increasing their economic value through proper management, protection, enforcement, and commercialization.

- *IP Valuation and Finance:* Build competent systems for IP valuation and financial services, including development of standardized IP valuation methodologies to make IP assets viable for loans, financing, and investment portfolios.
- *IP as Collateral:* Clear frameworks must be established for IP assets to be recognized as collateral in banking and investment activities, leveraging the Personal Property Security Act.
- *Investment Banking:* IPOPHL's capacity for investment banking services must be built up to help IP owners raise funds, including services like pre-issue documentation, preparing prospectuses, drafting offer documents, and conducting roadshows.
- *E-commerce Integration:* Incorporate IP commercialization with e-commerce development by developing IP E-commerce App (via Public-Private Partnership) to transform the IP Marketplace into an online buying and selling platform.
- *Legislation Maximization:* Capitalize on new legislation to drive commercialization, such as leveraging the New Government Procurement Act for procuring IP-based goods, the Internet Transactions Act for supporting online sellers/buyers, and the One-Town-One-Product (OTOP) Act to encourage the creation of GIs. It also promotes the Electronic Vehicle Industry Development Act (EVIDA Act) to incentivize research and development in EV technologies.

**3. OURS: Engage key partners to protect, share, and enjoy IPs towards inclusive sustainable development** – This pillar ensures that the benefits to IP uplift the entire community and contribute to the collective good, and emphasize protecting traditional knowledge and cultural heritage while directing IP developments towards achieving the Sustainable Development Goals (SDGs).

- *Promoting Culture and Tradition:* Collaborate globally to recognize and protect traditional Filipino arts. There is a plan to digitize traditional stories, indigenous knowledge, and rituals, ensuring proper credit and protection of ownership (digital archiving).
- *Wider Collaboration:* Strengthening international cooperation in protecting IP via a unified framework addressing cross-border IP theft or violation and platform accountability. This requires reviewing and improving implementations of bilateral and multilateral agreements.
- *SDGs Alignment:* Efforts are directed toward sustaining IPOPHL as a leader in sustainability and sustaining or enhancing incentives on green technology. Additionally, legal frameworks and financing channels will be developed for social enterprises using IP products, particularly in underserved communities.

**4. AI and Other New Technologies (Cross-cutting Strategy)** – The strategy recognizes that embracing new technologies like AI and other such as blockchain and digital twins is critical for

remaining competitive.

- *Integrating AI:* AI is seen as a transformative force capable of accelerating idea generation, optimizing IP management, and enabling Filipino creators to compete globally.
- *Policy Update:* Amendment of the IP Code to incorporate AI, include other emerging technologies, and address emerging challenges in IP enforcement in the digital space.
- *Research and Development and Operational Streamlining:* Provide scholarships/research grants for Machine Learning-focused and AI technology startups.
- *New Developments:* Implement the Genetic Resources and Associated Traditional Knowledge (GRATK) Treaty and navigate opportunities presented by the 5<sup>th</sup> Industrial Revolution (Human-Machine Convergence) in priority industries like Agriculture, Tourism, Energy, and Health.

Similarly, the four (4) core pillars are supported by foundational mechanisms that are crucial for operationalizing the strategy:

## 1. Policies

- *Modernization and Review:* A regular review and update of all relevant IP-related policies to fit the digital revolution and disruptions caused by AI.
- *International Benchmarking:* Proactive benchmarking and collaboration with key partner countries in the review and updating of IP laws, particularly concerning international agreements.

## 2. Human Capital

- *Workforce Capacity:* Build the capacity and capability of the Philippine workforce and entrepreneurs in IP and AI.
- *Professional Recognition:* Establish a professional recognition system for the Philippine IP human resource, defining skill competencies, establishing a code of ethics, and creating clear career pathways.
- *Agency Augmentation:* Augment IPOPHL and other implementing agencies' staff, particularly to carry out new functions like IP valuation

which may involve developing new revenue models and potentially creating Valuation and Investment Banking Services Unit(s).

## 3. Information

- *IP Economic Statistics:* Develop more IP-related economic statistics with the help of the Philippine Statistics Authority (PSA).
- *Satellite Account:* Develop statistical satellite account for IP investment and IP utilization per major industry, adopting WIPO standard guidelines for IP valuation and measurement, which shall be made available at the regional level and capture metrics such as IP value, employment generated, and application statistics.

## 4. Linkages

- *Connectivity and Collaboration:* Enhance digital, physical, and social connectivity and collaboration.
- *Partnerships:* Expand collaboration with key domestic and international partners regarding IP promotion, commercialization, and protection.

The PHIPS 2025-2030 positions the Philippines to lead in the global IP landscape, ensuring that the benefits of innovation are shared by all. It sends a valuable message to investors and innovators that their creations and investments are not only protected, but encouraged to be commercially viable by institutionalizing policies aimed at the promotion, protection and enforcement of IP rights.

## VI. COPYRIGHT

Recent regulatory developments underscore the IPOPHL's continuing efforts to clarify and refine the copyright framework, enhance the protection and enforcement of copyright and related rights, and promote greater public awareness and understanding of intellectual property rights derived therefrom.

In 2025, the Bureau of Copyright and Related Rights ("BCRR") of the IPOPHL promulgated BCRR Guidelines No. 2025-01, revising the existing forms utilized in connection with applications for, and issuances of, copyright registrations.

Among the salient amendments to the BCRR Forms are the following:

1. Requirement of indication of the authorship claims by the filers.
2. Collection of information from filers whether or not the work was created using an artificial intelligence ("AI") program and the extent to which such a system was used in generating the work;
3. Enables copyright filers to disclaim any elements) in the work which are not original or did not originate from the author(s); and
4. To improve the process of availing other copyright services such as resale right enrollment, correction or /amendment of copyright registry information, requesting certified true copy of certificates, copyright search, etc.
5. Defined the terms used in the revised BCRR Form for the guidance of all filers.

The foregoing is consistent with the policy directions and regulatory shifts adopted by the IPOPHL and BCRR in recent years.

Particularly, in late 2020, the IPOPHL strengthened the BCRR when it issued the new rules on copyright registration and deposit, which streamlined the registration and deposit process under the BCCR, including the recordal of exclusive copyright licences 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 in relation to paintings, sculptures, and manuscripts; and
3. the rules on copyright for government works.

The IPOPHL 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 IPOPHL 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 IPOPHL issued:

1. its draft implementing rules of the BTAP;
2. the draft implementing rules on sound performers' rights and on 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 IPOPHL 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 IPOPHL is on trend to further promote and strengthen copyright protection in the Philippines, especially for local creatives and talents.

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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. It applies not only to businesses operating in the Philippines but also to activities conducted abroad that have a direct, substantial, and foreseeable effect on Philippine markets. Thus, even acts done outside the Philippines may fall under the PCA.

The Philippine Competition Commission (PCC) is the main government agency responsible for enforcing competition laws. It is an independent, quasi-judicial body with authority to investigate and decide competition cases. The PCC has broad powers, which include reviewing mergers and acquisitions, issuing subpoenas, inspecting business records and premises, ordering divestitures or other corrective measures, and imposing penalties for violations.

## 2. PROHIBITED PRACTICES

- a. **Anti-Competitive Agreements.** There are two main classifications for anti-competitive agreements – (i) those which are *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 which restrict competition as to price, or components thereof, or other terms of trade (price-fixing), or which fix the price at an auction or in any form of bidding (bid-rigging). These agreements are inherently illegal and no further inquiry into their effect on the market or the intentions of the parties 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 dominancy, 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 the 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. However, 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 not necessarily be considered an abuse of dominant position.

- c. **Prohibited Mergers and Acquisitions (M&A).** M&As are prohibited if it will substantially prevent, restrict, or lessen competition in the relevant market. The PCA allows two exceptions to the prohibition of anti-competitive M&As: (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 of the failing entity’s assets.

The authority of PCC to review M&A transactions is not limited to those which

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.<sup>1</sup>

### 3. MERGER REVIEW PROCEDURE AND TIMELINES

Upon submission, the PCC has fifteen (15) days to assess the completeness of the filing. Once the notification is deemed complete, the PCC will commence its initial merger review, which must be concluded within thirty (30) days from the date of confirmation (Phase I Review).<sup>2</sup>

If the PCC determines that a more detailed or comprehensive analysis is required, it may extend the review for an additional sixty (60) days (Phase II Review). The total review period shall not exceed ninety (90) days.<sup>3</sup>

The PCC may, in certain cases, apply an expedited Phase I merger review, which shall be completed within fifteen (15) working days. This expedited process is available for the following types of transactions:<sup>4</sup>

- 1. No overlaps:** No actual or potential horizontal or vertical (including complementary) relationship in the Philippines between the parties or their controlled entities.
- 2. Global transaction with PH assemblers, export manufacturers:** Where the foreign parents are the transacting parties and their Philippine subsidiaries act merely as manufacturers or assemblers of products with at least ninety-five percent (95%) of outputs are exported, and the remaining five percent (5%) domestic sales must be minimal relative to the market.
- 3. Global transaction with limited Philippine presence:** Where the relevant geographic market is global and both parties have negligible or limited presence in the Philippines.
- 4. Real estate joint ventures:** Joint ventures,

incorporated or contractual, formed purely for residential and/or commercial real estate projects.

### 4. FILING FEES

The filing fee for the notification filing and Phase I Review is P250,000. The filing fee for the Phase 2 Review is 1% of 1% of the value of the transaction which shall not be less than P1,000,000.00 nor exceed P5,000,000.<sup>5</sup>

### 5. MERGER REMEDIES

On 11 July 2024, the PCC issued 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.

The 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 strong deterrence effect for breach; and (iii) there is more benefit to adopt a behavioral remedy than a structural remedy or a structural remedy is not feasible.

Structural remedies directly affect the structure of the M&A. These remedies typically involve the creation or restoration of an independent entity to maintain competition. They 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.

### 6. CONFIDENTIALITY

The law protects confidential business information submitted to the PCC. For other information, which are not confidential, such as but not limited to the name of the notifying entities, their address,

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

<sup>2</sup> Sec. 5 (f) and (h), Rule 4, PCC IRR.

<sup>3</sup> Sec. 5(h), Rule 4, PCC IRR.

<sup>4</sup> PCC Resolution No. 008-2019.

<sup>5</sup> PCC Memorandum Circular No. 17-002.

and the like, the same will only be treated as confidential upon request of the parties and based on reasonable grounds.

## 7. 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 which 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.

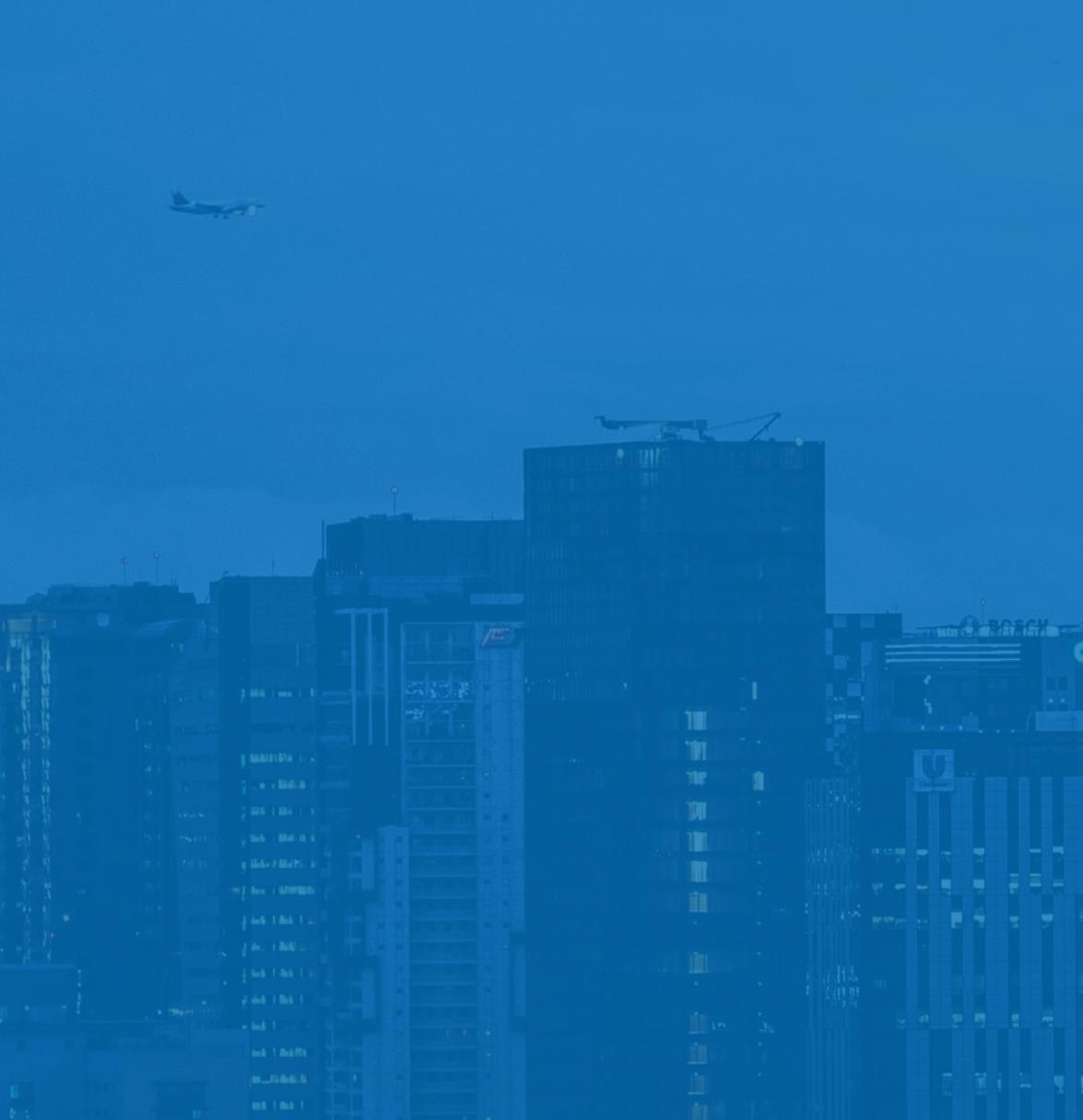
An entity that is in doubt as to whether a contemplated act, agreement or conduct complies with the PCA may request from the PCC a binding ruling thereon. In the event of an adverse ruling, the entity shall be provided with a reasonable period, which shall not exceed ninety (90) days, to abide by the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

### References

Republic Act No. 10667 or the Philippine Competition Act  
Philippine Competition Commission – Guidelines for Merger Remedies  
PCC Memorandum Circular No. 17-002  
PCC Resolution No. 008-2019



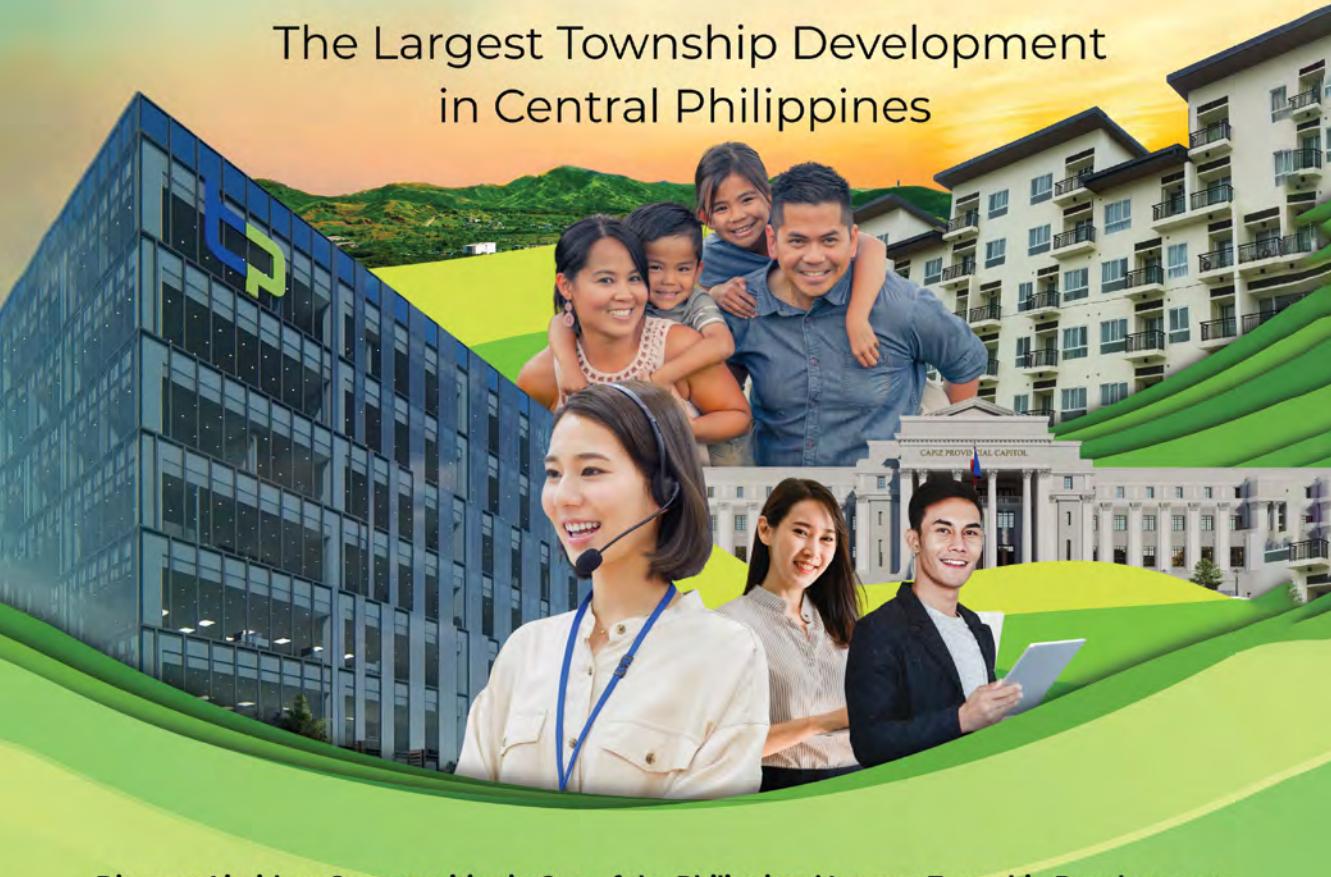
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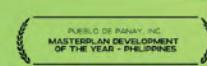
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# IX REAL ESTATE



# 2025 UPDATE – LONGER TERM LAND LEASES FOR FOREIGN INVESTORS

The Philippines has taken a significant step in cementing its position as an important investment hub in Southeast Asia. With the recent passage of Republic Act No. 12252, which amends Republic Act No. 7652 or the “Investors’ Lease Act”, the Philippines has considerably liberalized its framework for long-term land leases by foreign investors.

The cornerstone of Republic Act No. 12252 is the extension of the maximum allowable lease period for private lands from the previous 50-year term (renewable for 25 years) to a single, uninterrupted 99-year term. This substantial increase in the lease duration provides investors with greater certainty and security, allowing them to make longer-term investments and plan their operations in the country. By offering such extended periods, the Philippines can compete more effectively with other countries that have similar incentives packages. This amendment is expected to attract more foreign investment, boosting economic growth and development in various sectors. Additionally, it will likely lead to increased job creation and infrastructure improvements, benefiting local communities.

To qualify for the 99-year lease, a foreign investor must meet specific conditions, ensuring that the framework benefits genuine and productive businesses.

The key requirements include the following:

1. Have (i) an approved and registered investment under the Foreign Investments Act (as amended), the Corporate Recovery and Tax Incentives for Enterprises Act (as amended), or under other applicable laws; or (ii) complied with the investment requirements prescribed by the relevant Investment Promotion Agency.
2. The leased area must be used solely for the purpose of the registered investment project, ensuring alignment with national development goals.
3. The lease contract is now required to be registered with the Registry of Deeds (RD) of the province or city where the leased area is located and annotated on the certificate of title covering the leased area, and provides the conditions for such registration with the RD.

Agriculture is expressly recognized among the priority productive endeavors eligible for long-term leases. On the other hand, the lease of private lands for tourism projects is limited to projects with an investment of not less than USD5Million, 70% of which must be infused in said project within three years from the signing of the lease contract. Contracts may be terminated if the investor fails to begin the project within the same period.

Subleasing may be allowed with the lessor’s consent, and both lease and sublease contracts are generally required to be registered with the RD to bind third persons.

However, foreigners, associations or partnerships “not investing in the Philippines” are still covered by Presidential Decree No. 471 and other existing laws on lease of lands to foreigners. This means these individuals and entities are only allowed to lease private lands for a maximum of 25 years, renewable for another period of 25 years.

Upon the recommendation of the Fiscal Incentives Review Board or other relevant government agencies, the President of the Philippines may impose a shorter lease period for investors engaged in vital services or industries considered as critical infrastructure, in the interest of national security or pursuant to government-identified priorities for national development.

The withdrawal of the approved and registered investment in the Philippines within the period of the lease contract entered into under the Act, or use of the leased area for the purpose other than that authorized, shall warrant the *ipso facto* termination of the lease contract without prejudice to the right of the lessor to be compensated for the damages the lessor may have suffered thereby.

## THE REGULATORY LANDSCAPE FOR REAL ESTATE IN THE PHILIPPINES

The legal framework governing real estate ownership, transfer and use is comprised of constitutional provisions, statutory laws, and local ordinances.

### Real estate transactions

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

The Civil Code provides the requirements for a 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. 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. 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.

## 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.

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. 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.

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%). A condominium is an interest in real property consisting of 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.

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 who have an approved and registered investment are also allowed to lease private lands for a period of ninety-nine (99) years. Under the Investor's Lease Act (Republic Act No. 7652 as amended by Republic Act No. 12252), foreign investors may lease private lands provided that the leased area will be used solely

for the purpose of the approved and registered investment and will consist only of such area as may reasonably be required for that purpose, subject to the Comprehensive Agrarian Reform Law (Republic Act No. 6657) and the Local Government Code (Republic Act No. 7160). For tourism projects, the lease shall be limited to projects with an investment of not less than USD 5 million, seventy percent (70%) of which shall be infused in said project within three (3) years from signing of the lease contract. The leasehold right acquired under the long-term lease contracts may be sold, transferred, assigned, or may serve as security for a loan. However, when the buyer, transferee, assignee, or creditor is a foreigner or foreign-owned enterprise, the leased area shall still be used solely for the purpose of the approved and registered investment. Any lease under the Investors' Lease Act must be registered with the Registry of Deeds and Department of Trade and Industry. A registered lease contract shall not be subject to collateral attack and cannot be altered, modified, or cancelled, except in a direct proceeding in accordance with law.

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). REITs own income-generating real estate assets 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, 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. 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.

An owner of registered land may convey, mortgage, lease, or otherwise deal with the same in accordance with existing laws. In such case, the instrument evidencing the transaction is registered with the Registry of Deeds of the locality where the property is situated. 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. In case of transfer of ownership, the OCT will be cancelled and a Transfer Certificate of Title will be issued to the new registered owner. In case of a lease, mortgage, or any other type of encumbrance, the transaction will be annotated on the Certificate of Title.

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. 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. The tax rate depends on the rate imposed by the LGU within its jurisdiction through an ordinance. The real estate tax is imposed on the assessed value of the real property, which is determined by the local assessor of each LGU. The recently enacted Real Property Valuation and Assessment Reform Act (Republic Act No. 12001) (“RPVARA”) standardized the 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. Notably, RPVARA granted real property tax amnesty for a period of two (2) years from the effectivity of the law.

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. In contrast, properties held for sale or used in business are treated as ordinary assets and taxed based on the applicable income tax rates. 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. In certain cases, value-added tax may be imposed, particularly when the property is held for sale or used in business.

LGUs, particularly provinces and cities, impose tax on real property transfers based on fair market value or the total consideration, whichever is higher.

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.

### **References**

- 1987 Constitution of the Philippines.
- Cagatao v. Almonte, G.R. No. 174004, 9 October 2013
- Civil Code of the Philippines, Republic Act No. 386 (1950).
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- The Condominium Act, Republic Act No. 4726 (1966).
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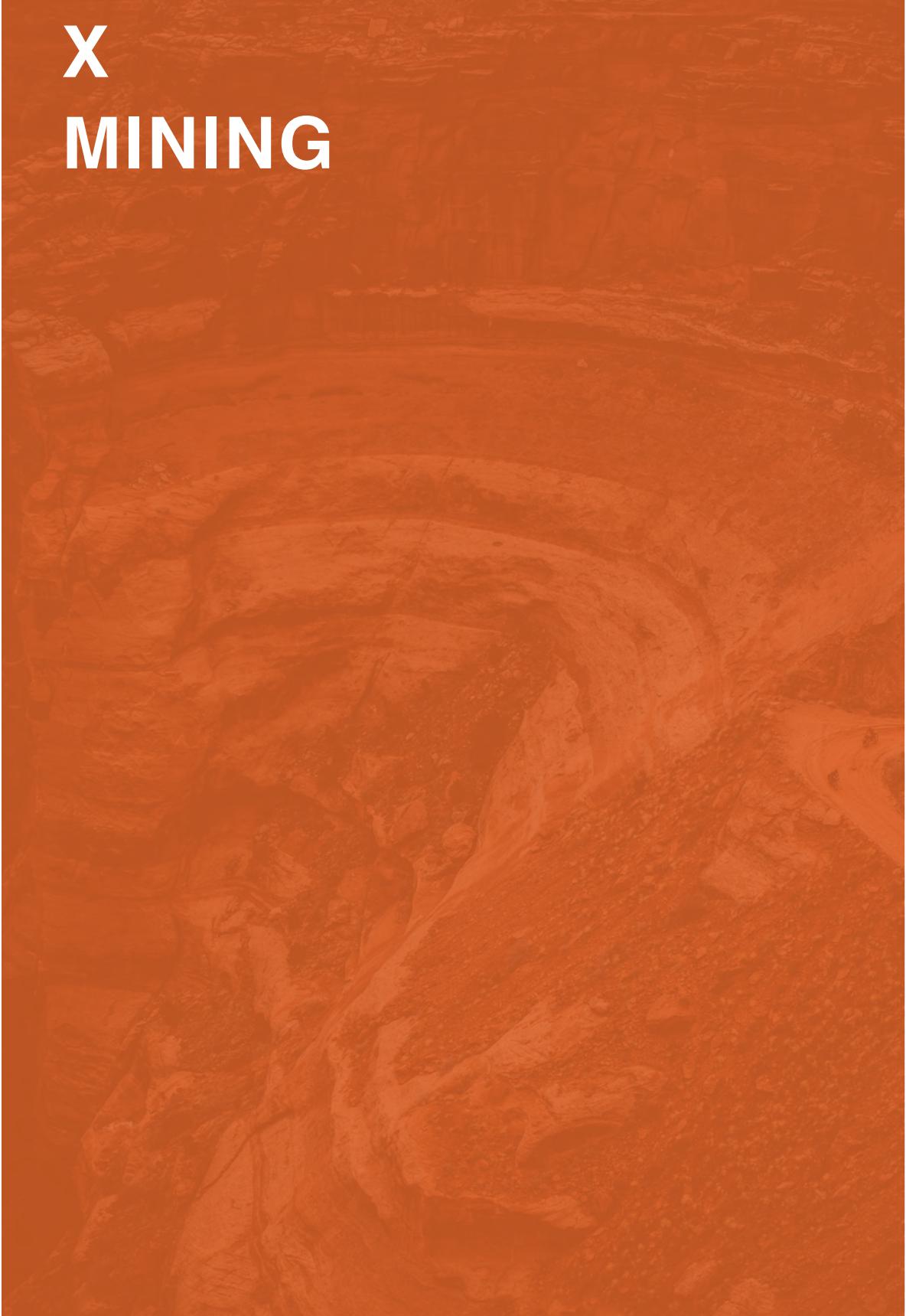
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# X MINING

# UPDATES ON PHILIPPINE MINING LAWS

The Philippine mining industry continues to evolve through reforms aimed at streamlining regulatory processes, enhancing revenue management, and reinforcing responsible and sustainable mining practices. These reforms are implemented at a time when the government is positioning the sector as a source of critical minerals vital to energy and technology industries. President Ferdinand R. Marcos Jr. has emphasized that the Philippines holds significant reserves of minerals needed for electric vehicles, advanced batteries, and clean-energy technologies, and has urged the industry to become a “reliable source of critical minerals for a greener future.”<sup>1</sup>

## New Fiscal Rules for Large-Scale Mining

The most notable development in 2025 is the enactment of Republic Act No. 12253 or the *Enhanced Fiscal Regime for Large-Scale Metallic Mining Act*. The law replaces the previously fragmented and often opaque system with clearer rules on how mining income is taxed, how project costs are treated, and how revenues are distributed between the national government, local government units (LGUs) and host communities.

Key features of the new fiscal framework are as follows:

### 1) Shift to a profit based system.

Mining operations outside mineral reservations are now taxed based on income margins, with rates ranging from 1% to 5%, and a minimum of 0.1% when margins are zero or negative.<sup>2</sup> The law also introduced a windfall profits tax which allows the government to capture additional

revenue when mining operations earn a margin of more than thirty percent (30%). The rate of the windfall profits tax ranges from one percent (1%) to ten percent (10%) of the net income from metallic mining operations, depending on the ratio of net income to gross output.<sup>3</sup> These amendments allow fiscal contributions to adjust with business performance, balancing fairness and economic responsiveness.

### 2) Ring-fencing on project costs.

Each mining project is now treated as a separate taxable entity. Under the ring-fencing rule, contractors or operators cannot offset losses from one project against profits from another. This ensures clearer project-level accounting and limits tax base erosion.

### 3) Clearer cost recovery and audit rules.

For transparency and consistency, RA No. 12253 authorizes the Bureau of Internal Revenue (BIR) to issue detailed rules on allowable deductions, depreciation and amortization specific to mining. The law likewise imposes stricter limits on related-party financing. Interest deductions are disallowed for related-party loans exceeding a quarterly debt-to-equity ratio of 2:1, a move aimed at curbing excessive leverage and transfer pricing risks.<sup>4</sup>

### 4) Revenue sharing with local governments.

Recognizing the role of host communities, the law formalizes the direct and immediate release of the share of revenues for LGUs without need of further action and without being subject to any lien or holdback by the national government. This codification reduces uncertainty and aligns fiscal benefits with local

<sup>1</sup> Mike Toledo, Mining Philippines 2025: From policy to progress, PHIL. STAR, November 13, 2025, available at <https://www.philstar.com/other-sections/newsmakers/2025/11/13/2486955/mining-philippines-2025-policy-progress>.

<sup>2</sup> Section 6, RA 12253.

<sup>3</sup>  
<sup>4</sup>

Section 7, RA 12253.  
Section 4, RA 12253.

development objectives.<sup>5</sup> Further, a portion of royalty proceeds is also earmarked for the Metals Industry Research and Development Center to fund downstream activities and promote value addition in the sector. This reflects a policy shift toward sustainability and industrial diversification.<sup>6</sup>

### Clarifications on LGU Authority in Mining

2025 also brought a key judicial development that further clarified the governance framework for the mining sector. In *Province of Occidental Mindoro v. Agusan Petroleum and Mineral Corporation*,<sup>7</sup> the Supreme Court clarified the extent of local government authority in mining activities.

The Supreme Court held that while LGUs enjoy constitutionally guaranteed autonomy, such autonomy remains subject to national policies and statutes, including the Philippine Mining Act of 1995. LGUs may not impose sweeping prohibitions on all mining activities, as doing so would override the national policy and exceed powers delegated by Congress. The Court, however, affirmed that LGUs retain discretion to assess and deny approval for specific projects. Their evaluation is not limited to environmental impacts but also includes economic viability, community welfare, employment effects, and broader developmental considerations.

This judicial clarification underscores the importance of meaningful engagement between mining proponents and local authorities. While LGUs cannot impose blanket bans against mining, they play a central role in determining whether projects align with local priorities and community needs. For proponents, this heightens the value of early consultation, transparent communication, and locally responsive benefit-sharing frameworks. For LGUs, this emphasizes the need to exercise project-level discretion fairly and based on clear and

measurable criteria.

Ultimately, the Supreme Court's guidance reinforces that successful mining development requires ongoing coordination among national regulators, LGUs, communities, and industry stakeholders.

### The Legal Landscape

The 1987 Philippine Constitution lays down the fundamental policies that define Philippine mining laws. Under Section 2, Article XII of the Constitution, all minerals are owned by the State. The exploration, development, and utilization (EDU) shall be under the full control and supervision of the State. The State 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 for 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 EDU activities. Small-scale utilization is, however, reserved to Filipino citizens.

The primary governing statute is Republic Act 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 establishes the terms, limitations, rights, and incentives governing mineral EDU.

A notable feature in the Mining Act is its explicit recognition of the indigenous peoples' rights. Mining operations within ancestral domains require Free and Prior Informed Consent (FPIC) and a formal agreement with the indigenous cultural communities. This is consistent with RA No. 8371 or the *Indigenous People's Rights Act*, which provide, among others, that the indigenous people shall have priority rights in the extraction, development or exploitation of any natural resources within their ancestral domains.

5 Section 10, RA 12253.

6 Section 11, RA 12253.

7 G.R. No. 248932, 14 January 2025.

critical pillar of the legal framework. Mining operations must comply with several environmental regulations, including 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.

Another notable concept in Philippine mining regulations is the *Minahang Bayan* (People's Small-Scale Mining Area) framework, which is a regulatory mechanism that is unique to the Philippines. It designates specific zones where small-scale mining activities may be conducted in a legal and responsible manner, and under the oversight of relevant government agencies.

While small-scale mining is reserved for Filipino citizens, the framework continues to permit foreign participation in upstream and downstream activities such as engineering services, equipment supply, capacity building efforts, and the introduction of sustainable technologies as small-scale miners transition away from hazardous practices and toward safer and environmentally sound methods. Overall, the *Minahang Bayan* framework creates a more structured and compliant small-scale mining environment for Filipino citizens while opening targeted opportunities for foreign collaboration in supportive functions.

## The Regulators

The primary government agency responsible for the conservation, management, development, and proper use of the mineral resources is the DENR.<sup>8</sup> Its line bureau, the Mines and Geosciences Bureau (MGB), is primarily responsible for the implementation of the *Philippine Mining Act*.<sup>9</sup>

<sup>8</sup> Section 8, Philippine Mining Act.

<sup>9</sup> Section 7, Administrative Order No. 2010-21,

Republic Act No. 7160 or the *Local Government Code of the Philippines* grants 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 FPIC 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 BIR, which is the regulatory agency for monitoring proper payment of taxes.

## Mining Permits

In compliance with the Constitution that requires the EDU of natural resources to be under full control and supervision of the State, mining activities are heavily regulated and require governmental authority before it 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.<sup>10</sup> There is no prohibition against foreign or local corporations or contractors holding exploration permits.<sup>11</sup> An exploration permit shall be for a period of two (2) years, subject to annual review and relinquishment or

Implementing Rules and Regulation of the Philippine Mining Act.

<sup>10</sup> Section 20, Philippine Mining Act,

<sup>11</sup> La Bugal-B'laan Tribal Association, Inc. v. Ramos, G.R. No. 127882, 27 January 2004.

renewal.<sup>12</sup>

**2. Mineral Agreements.** The Secretary of the DENR may grant a qualified person the exclusive right to conduct mining operations and to extract all mineral resources found in the contract area through a mineral agreement. Mineral agreements are reserved to 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 which 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.<sup>13</sup>

**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 a period of five (5) years renewable for like periods but not to exceed a total term of twenty-five (25) years.<sup>14</sup>

**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,<sup>15</sup> guano,<sup>16</sup> and gemstone resources.<sup>17</sup>

### **Digitalization and Modernization of Mining Regulation**

The government has increasingly moved toward digitalization and modernization of mining-related processes. The DENR and MGB have expanded the use of online platforms for permit applications, compliance submissions and monitoring reports. Environmental and social performance monitoring is likewise gradually shifting toward electronic reporting systems. These efforts aim to reduce administrative delays, improve transparency, strengthen data accuracy and provide investors with more predictable and efficient regulatory interactions.

13 Section 53, Philippine Mining Act.

14 Section 55, Philippine Mining Act.

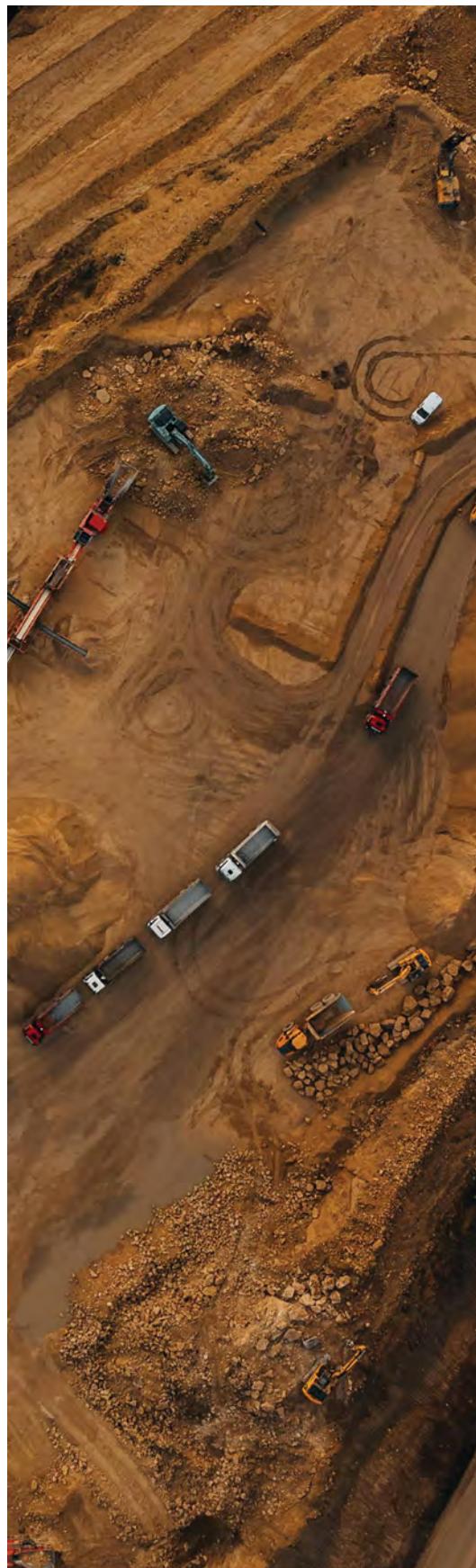
15 Section 46, 47, and 48 Philippine Mining Act.

16 Section 51, Philippine Mining Act.

17 Section 52, Philippine Mining Act.

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Philippine Mining Act  
Executive Order No. 130  
Executive Order No. 79  
DENR Administrative Order No. 2022-03  
DENR Administrative Order No. 2022-04  
DOJ Opinion No 21, Series of 2022  
Senate Bill No. 2826  
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Republic Act No. 12253  
Province of Occidental Mindoro v. Agusan Petroleum and Mineral Corporation, G.R. No. 248932, 14 January 2025





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Natural Gas



Sustainable Energy

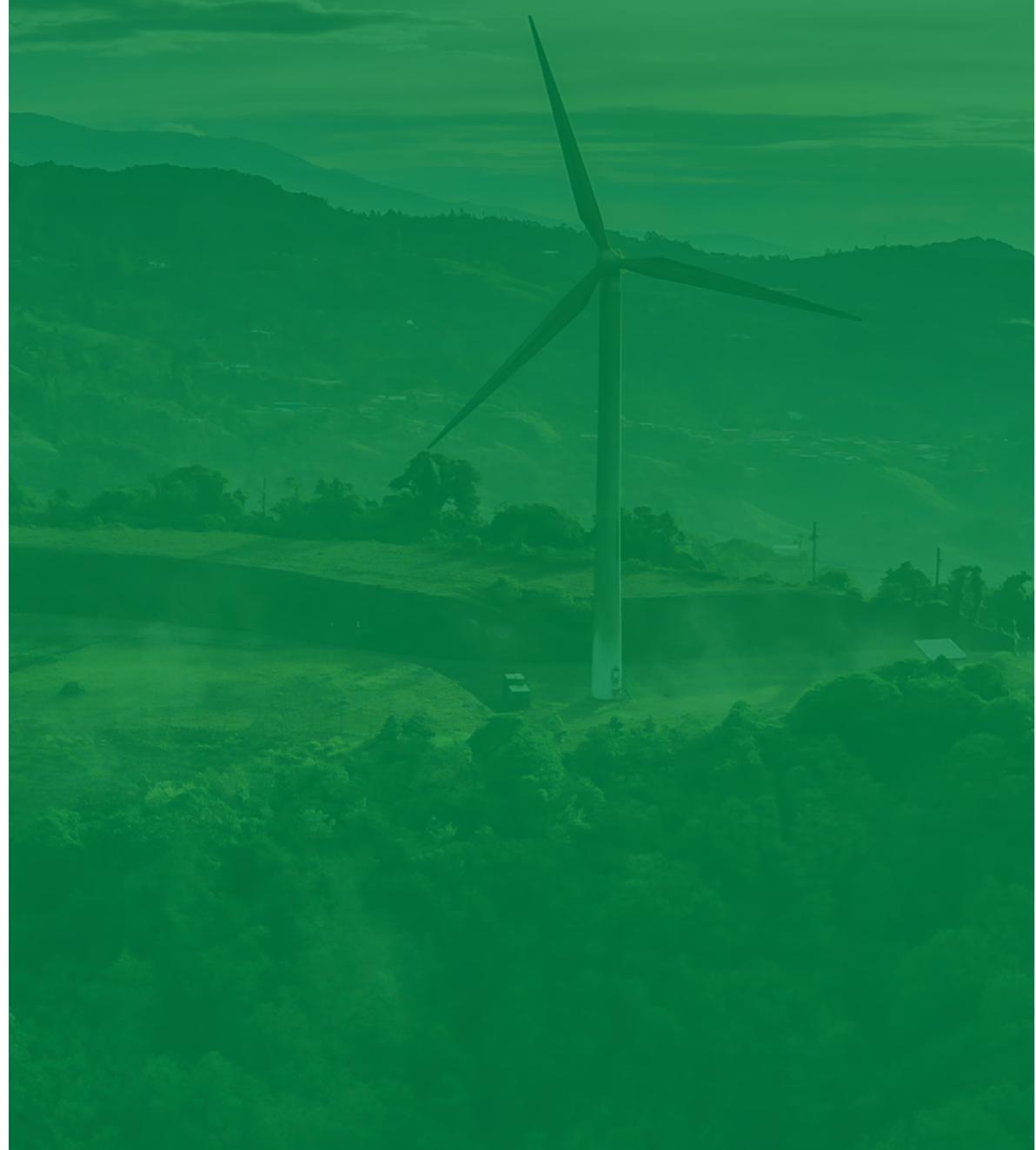


Water



Waste Management

# XI RENEWABLE ENERGY



## Philippines' Energy Transition: The Road Towards a Clean Future

In 2023, the Philippines issued a comprehensive roadmap for a clean energy transition through the updated Philippine Energy Plan (PEP) – a framework that provides guidance to all energy stakeholders on the country's energy transformation and emphasizes the goal of diversifying indigenous energy resources, particularly, renewables. The PEP is a blueprint that embodies the goal of a more sufficient, reliable and equitable energy ecosystem that increases the share of renewable energy ("RE") in the Philippines' power generation mix to an aggressive 50% by 2040, adopting advanced smart grid technologies and establishing a resilient and climate-proof energy infrastructure.

### **The Renewable Energy Law**

The primary law that 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 is Republic Act No. 9513, or the "*Renewable Energy Act of 2008*" (the "RE Law"). 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 utilize 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 RE generation facilities.

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 Department of Energy ("DOE"), Department of Trade and Industry, Department of Finance, Department of Environment and Natural Resources ("DENR"), National Power Corporation, 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 distribution utilities, 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.

### **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") interpreted such 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 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 refer only to those resources that are susceptible to appropriation, such as lands, fisheries, forests and wildlife. Such term could not then include the sun, wind, or ocean as they cannot be subject of 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 obtaining all other relevant permits required to engage in electric power industry in the Philippines, including, among others, the certificate of compliance with the Energy Regulatory Commission (“ERC”), local government unit business permits, environmental compliance certificate from the DENR, transmission and metering service agreements with the National Grid Corporation of the Philippines (“NGCP”), among others.

#### ***Doing Business as RE Developer in the Philippines***

The RE Law requires all RE developers that will explore, develop, and utilize RE resources in the Philippines to apply for a renewable energy service contract (“RESC”) through the energy virtual one-stop shop (“EVOSS”) system. 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 under 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.

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. REMB is the body that has the power, among others, to evaluate, process, approve and issue RESCs, 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 in accordance with the format as prescribed by the DOE and in a timely manner;
- i. Be responsible in the proper handling of data, samples, information, reports, and other documents; and
- j. Allow DOE personnel, at all reasonable times, full access to RE contract area and to 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 that 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 availment 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 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 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 time 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”), which 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 need for the RE developer to enter into bilateral supply contracts.

## **The FIT and Green Energy Auction Program**

The DOE has awarded a total of 105 projects totaling 1,707.63 MW under the FIT system covering solar, wind, biomass and run-of-river technologies from 2012-2020. Due to their must-dispatch nature under DOE issuances, the FIT plants caused the displacement of expensive conventional plants for particular periods at the spot market by 9 centavos/kWh or an aggregate net avoided cost of PHP40 billion for the period of 2014-2020.

On November 23, 2021, the DOE issued Department Circular No. DC2021-11-0036, “*Providing the Revised Guidelines for the Green Energy Auction Program in the Philippines*” (the “**GEAP Guidelines**”). The DOE modified the FIT system into the GEAP through which the DOE instituted a competitive process in the selection of eligible RE facilities entitled to the FIT Allowance (“**FIT-All**”) Fund. The GEAP seeks 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 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.

The DOE has conducted four rounds of GEAP with specific installation targets of 2,000 MW (GEAP 1 for solar, wind, biomass and hydro), 11,600 MW (GEAP 2 for solar, wind, biomass and waste-to-energy), 4,250 MW (GEAP 3 for pumped-storage, impounding and run-of-river hydro and geothermal) and 9,373 MW (GEAP4 for solar, wind and integrated RE storage systems). The DOE is set to conduct GEAP 5 for offshore wind and GEAP 6 for waste-to-energy technologies in 2026.

### ***RE Market Opportunities***

Driven by ambitious government RE targets, investor-friendly policies, falling costs of RE technologies and numerous RE mechanisms, the Philippine RE market is a high-growth sector with significant investment potential. RE developers can sell their electricity to distribution utilities under the RPS; to industrial and commercial customers under the GEOP; to the energy stakeholders under the GEAP; and to the wholesale electricity spot market under the must-dispatch and preferential-dispatch rules of the DOE. All these efforts have attracted massive investments in RE in 2024 reaching PHP1.3 trillion towards reaching the Philippines' energy transition goals.





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# XII 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 with the goal of ensuring equitable access to financial services. However, to date, some 49.8 percent of adult Filipinos remain unbanked.<sup>1</sup>

Nonetheless, in 2022, the number of registered e-money accounts, the most-owned financial account, reached 257.5 million<sup>2</sup> while it is projected to reach around 81 million Filipinos in 2025.<sup>3</sup> 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, there are several types of fintech companies that focus on providing specific services. Such are:

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

1 <https://www.philstar.com/business/2025/08/31/2469245/half-filipinos-still-unbanked-despite-digital-boom-study>

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

3 <https://mb.com.ph/2023/4/9/58-m-filipinos-spent-5-4-4-m-hours-on-e-wallet-apps>

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 SEC, the Philippines requires fintech companies that engage in remittance, payment, money-changing, foreign exchange, virtual currency exchanges (later termed as virtual asset service provider 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; and

## 11. Crypto-Asset Service Provider.

### (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 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). While 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.

### (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 with — 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 utilizes an existing technology in an innovative manner, 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 in accordance with 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 three 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 a 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.

**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, which 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<sup>4</sup>, the Sandbox Process will go through the Application stage, Evaluation stage, Testing stage, and Exiting Stage. Lastly, Sandbox Participants that 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

<sup>4</sup> In June 2025, SEC has approved G-Xchange, Inc. (GCash) and Macodimarc Technology Corporation (Pluang) to enter its regulatory sandbox.

jurisdiction and do not have legal tender status.

Digital units of exchange that is 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-2025-031, BSP extended the moratorium on the issuance of new VASP Licenses, 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.” While 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 instrument;
- (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 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.<sup>5</sup> 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.<sup>6</sup>

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.<sup>7</sup>

An OPS engaged or intending to engage in MPAA other than merchant acquisition shall register as OPS-MPAA with the BSP in accordance with Section 502 MOPRPS (which is Circular 1049). If the entity is specifically engaged in 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 an OPS and is considered compliant with the rules and regulations on the registration of OPS.<sup>8</sup> 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 (“MORNBFIs”) 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 Service (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 by means of 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 in behalf of a third party engaged in remittance business.
  - (b) Remittance Network Provider (RNP) – refers to any entity that provides a network of Remittance Sub-Agents to perform remittance services to RTC.
  - (c) Such other similar entities as may be determined by the Monetary Board.

5 BSP Cir 1198, s1

6 BSP Cir 1198, s1

7 BSP Cir 1198, s2

8 BSP Cir 1198 referring to MORPS Section 502 (which is BSP Cir 1049)

For the purpose of 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 in order 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 in accordance with 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 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.

Note, however, that BSP shall stop accepting new applications and interested applicants only have until 30 November 2025 to submit their complete applications

**(ix) *Crowdfunding***

In view of 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) in accordance with 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. While Section 2 (b) of said Rules defines *Crowdfunding intermediary or intermediary* refers to a registered broker, investment house, or funding portal which mediates the offer and sale of crowdfunding securities through its online electronic platform. As expounded by SEC, Crowdfunding may be donation-based, reward-based or lending-based.<sup>9</sup> 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, investments houses, savings and loan associations, insurance companies, cooperatives, and other financial institutions organized or operating under other special laws, which are primarily organized for the purpose of extending credit facilities to consumers and to 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 evidences 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 from 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, 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.

#### **(xi) *Crypto-Asset Service Provider***

The **SEC issued Memorandum Circular No. 04, Series of 2025** or the SEC Rules on Crypto-Asset Service Providers («CASP Rules») and Memorandum Circular No. 05, Series of 2025, or the SEC Guidelines on the Operations of Crypto-Asset Service Providers. The Rules apply to all CASPs that are offering crypto-asset services and third-party service providers who engage in the marketing of crypto-assets and crypto-asset services. Under the said Rules, Crypto-Assets are defined as a cryptographically secured digital representation of value or of a right that relies on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions that can be transferred, stored or traded electronically. While Crypto-Asset securities are defined as a cryptographically secured digital representation of value or of a right that is being offered as securities, as defined under the Securities Regulation Code and other relevant laws and regulations, that rely on a cryptographically secured distributed ledger or a similar technology to validate and secure

<sup>9</sup> [https://www.sec.gov.ph/wp-content/uploads/2021/01/2021PressRelease\\_SEC-APPROVES-COUNTRY%E2%80%99S-FIRST-CROWDFUNDING-PORTAL-01072021.pdf](https://www.sec.gov.ph/wp-content/uploads/2021/01/2021PressRelease_SEC-APPROVES-COUNTRY%E2%80%99S-FIRST-CROWDFUNDING-PORTAL-01072021.pdf)

transactions, that can be transferred, stored or traded, electronically.

Moreover, to register as a CASP, the SEC requires applicants to be corporations with a minimum paid-up capital of PhP 100 Million, excluding crypto-assets, and to maintain a physical office within the Philippines. The SEC, by an Order, may grant an exemption to the registration requirements after determining its consistency with public interest and protection of investors.

In addition, the Rules imposed that crypto-assets, subject to certain exemptions, shall not be sold, offered for sale, or distributed in the Philippines without a disclosure document relative to a crypto-asset to be offered in the Philippines must be filed by the offeror with the SEC and published on the platform's website, social media account, and other means of communication not less than thirty (30) days before any marketing activities or the actual offering, whichever comes first. While crypto-asset securities shall not be sold or offered for sale or distribution within the Philippines without a registration statement duly filed with and approved by the SEC, as provided by the SRC and other issuances by the SEC.

Lastly, the Rules further require SEC permission to allow CASPs to conduct any offering, trading, or dealing of derivatives involving Crypto-Assets, as well as offer trading on leverage.

#### **Related Regulations: (i) National QR Code**

Under BSP Circular No. 1055 dated 17 October 2019, a Payment Service Provider is defined as entities that provide payment and financial services to end users. It includes banks and non-bank electronic money issuers. Moreover, by virtue of 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.

#### **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, fair 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, the 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 or in a commercial enterprise or profit-making venture and evidenced by a certificate, contract, 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, certifies of deposit for a future subscription;
- (c) Fractional undivided interests in oil, gas or other mineral rights;

- (d) Derivatives like option 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 continued the crackdown against unregistered cryptocurrency after it released a bulletin regarding 10 websites offering crypto0asset services without a proper license to operate.<sup>10</sup>

#### **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.<sup>11</sup>

#### **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 value<sup>12</sup>

- 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)<sup>13</sup>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.
  - ii. 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 in relation to the acts described in (i) and (ii).
- b. The maintenance of data centers within the CZESFP to service FTSOVCE operations contemplated herein.<sup>14</sup>

#### **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 which 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.<sup>15</sup>

rights or interests, with or without related information, such as agreements or transactions for the transfer of value or its payment, clearing or settlement.

13

14 *Id.* at Section 4.

15 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).

<sup>10</sup> <https://www.philstar.com/business/2025/08/06/2463539/10-crypto-platforms-targeted-sec-crackdown-over-lack-registration>

<sup>11</sup> *Id.* at Section 3.

<sup>12</sup> Value for the purpose of this subsection shall refer to assets, holdings and other forms of ownership,

The Rules cover the offer of the various products, innovations or digital instruments which 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 which 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, pursuant to the Philippines' Public Telecommunications Policy Act.

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. Application 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 Regulations**

The Bureau of Internal Revenue issued Revenue Regulation No. 16, series of 2023 which subjects 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 to a 1% on ½ withholding tax based on gross remittances or total money remitted by the e-marketplace operator to the sellers/merchants. While Revenue Regulation No. 03, series of 2025, imposed the implementing rules and regulations for Republic Act No. 12023, or the Value Added Tax on Digital Services.

### **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 adapting a regulatory framework that supports the creation of and diffusion of new knowledge, products, and processes.<sup>16</sup>

The Philippine Innovation Act likewise created the National Innovation Council (NIC), which develops the country's innovation goals, priorities, and long-term national strategy.<sup>17</sup> 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 roadmap and the strategies for improving innovation governance through clear-cut delineation and complementation

16

Philippine Innovation Act, Section 4.

17

Philippine Innovation Act, Section 6.

of innovation efforts across agencies; deepening and accelerating innovation efforts, including inclusive innovation 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.<sup>18</sup>

***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.<sup>19</sup>

***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.<sup>20</sup>

***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.<sup>21</sup>

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.<sup>22</sup>

***Proponents and eligibility requirements under the JMC.*** A proponent is an agency of the government which intends to submit or has submitted a proposal for innovation grant.<sup>23</sup> 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.<sup>24</sup>

***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;

21 1.0, NEDA-DBM Joint Memorandum Circular No. 2023-01.

22 3.0, NEDA-DBM Joint Memorandum Circular No. 2023-01.

23 4.7, NEDA-DBM Joint Memorandum Circular No. 2023-01.

24 5.0, NEDA-DBM Joint Memorandum Circular No. 2023-01.

18 Philippine Innovation Act, Section 9.  
19 Philippine Innovation Act, Section 22.  
20 Philippine Innovation Act, Section 23.

- Innovation instruments;
- Diaspora for innovation and development;
- Advocacy and community education; or
- Other related innovation development activities.<sup>25</sup>

The following may also qualify for innovation grants, in which the applicants may choose to combine elements from each as they deem relevant<sup>26</sup> (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)<sup>27</sup>

#### **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.<sup>28</sup>

A Startup is any person or entity registered in the Philippines which 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.<sup>29</sup> 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).<sup>30</sup>

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)<sup>31</sup> 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;<sup>32</sup>
- b. Endorsement of the host agency for the expedited or prioritized processing of applications with other government agencies;<sup>33</sup>
- 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;<sup>34</sup>
- d. Endorsement to the Department of Foreign Affairs (DFA) for the expedited processing of appropriate visas;<sup>35</sup>
- e. Full or partial subsidy for the use of facilities, office space, equipment, and/or services provided by government or private enterprises

25 6.1, NEDA-DBM Joint Memorandum Circular No. 2023-01.

26 6.2, NEDA-DBM Joint Memorandum Circular No. 2023-01.

27 7.0, NEDA-DBM Joint Memorandum Circular No. 2023-01.

28 Innovative Startup Act, Section 2.

29 ISA-IRR, Rule 2, Section 1 (i).

30 ISA-IRR, Rule 2, Section 1 (j).  
 31 Innovative Startup Act, Section 3 (a).  
 32 Innovative Startup Act, Section 7 (a).  
 33 Innovative Startup Act, Section 7 (b).  
 34 ISA-IRR, Chapter 2, Rule 1, Section 1 (c).  
 35 ISA-IRR, Chapter 2, Rule 1, Section 1 (d).

- or institutions;<sup>36</sup>
- f. Full or partial subsidy in the use of repurposed government spaces and facilities of the host agency as the registered business address;<sup>37</sup> and
- g. Grants-in-aid (GIA) for research, development, training, and expansion projects.<sup>38</sup>

**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;
  - 0.
    - 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;<sup>39</sup>
- 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.<sup>40</sup>

#### **DICT's Private Express and/or Messenger Delivery Services (PEMEDES) License.**

Pursuant to 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.<sup>41</sup>

Recently, the DICT launched the online registration platform for PEMEDES licenses.<sup>42</sup>

**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.

<sup>40</sup> Section 7, R.A. No. 11337.

<sup>41</sup> <https://dict.gov.ph/wp-content/uploads/2024/04/DICT-Citizens-Charter-2024-1st-Edition.pdf>

<sup>42</sup> [https://register.pemedes.gov.ph/?fbclid=IwZXh0bgNhZW0CMTAACYnJpZBExOTVWMIZaOUpFaXZMamZkRQEe87RR9PwtHQMALGPSs6Agu-sj\\_3UWZWthhU30d\\_YoJ-GydEjpVHBdKs3-urc\\_aem\\_cV-bx85zKt\\_45xiqaEWvOA](https://register.pemedes.gov.ph/?fbclid=IwZXh0bgNhZW0CMTAACYnJpZBExOTVWMIZaOUpFaXZMamZkRQEe87RR9PwtHQMALGPSs6Agu-sj_3UWZWthhU30d_YoJ-GydEjpVHBdKs3-urc_aem_cV-bx85zKt_45xiqaEWvOA)

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

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, 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 approach<sup>43</sup> 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, right against algorithmic discrimination, 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.

Recently, the National AI Strategy for the Philippines (NAIS-PH) was approved. The strategy outlines the Philippines’ AI Program Framework, detailing the implementation strategies as well as the government agencies’ division of roles and responsibilities. It focuses on five key areas: infrastructure, workforce, innovation, data governance and policy and AI deployment.

#### **Republic Act No. 12010 or the Anti-Financial Account Scamming Act**

was enacted to protect the public from cybercriminals and criminal syndicates who target Financial Accounts or lure Account Owners into becoming accessories or perpetrators of fraudulent activities. Said act criminalizes (i) Money Muling which refers to the use, opening, sale, or transfer of financial accounts—whether one’s own or another’s—for the purpose of receiving or moving funds known to be linked to crimes or scams. This includes actions like using fake identities, renting accounts, or recruiting others to do the same; and (ii) Social Engineering Schemes involve deceiving someone to obtain their sensitive personal information (like passwords or IDs), through deception or fraud, to gain unauthorized access to their financial accounts.

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

#### **(a) Senate Bill 1710 or the Expanded Banking Services Act** was filed enabling

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

banks to expand service delivery channels through cash agents. Cash agents, as defined, refers 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 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.

**(c) House Bill No. 1351 or the Kontra e-Sugal Act of 2025** was filed to establish a framework to regulate online gambling in the Philippines. It imposes a 10% tax on gross revenues of online gambling operators, with proceeds allocated to a Special Gambling Harm Reduction Fund for rehabilitation, education, enforcement, and research. Moreover, the bill only allows individuals 21 years of age or older to participate in online gambling platforms, while prohibiting electronic wallets and super apps from linking their platforms to online gambling platforms, and from allowing online gambling advertisements on their platforms. Lastly, the bill mandates AMLC-approved payment channels and requires operators to implement financial risk assessments, betting limits, and player protection measures such as self-exclusion and behavioral monitoring.

# XIII

# TELECOMMUNICATION (KONEKTADONG PINOY)



# TELECOMMUNICATION

The Philippine telecommunication sector has expanded rapidly over the past decade, driven by sharp increases in data consumption and accelerated broadband rollout.

Internet usage in the country has increased at an exceptional pace. Between 2019 and 2022, the percentage of households with internet access rose from 17.7% to 76.90%.<sup>1</sup> The Philippines has also consistently ranked among the world's top countries in social media and internet usage, with mobile data traffic continuing to climb each year.<sup>2</sup>

Despite this high demand, the sector still struggles with long-standing issues, such as high costs, inconsistent service quality, non-inclusivity, and regulatory delays. In 2024, the Philippines remained in the lowest ranked ASEAN country for mobile upload speed (except for October),<sup>3</sup> while maintaining its high consumer rates for internet services. In fact, high costs were among the top reasons cited in 2024 for Filipinos not using the internet.<sup>4</sup> Significant disparities in connectivity also persist with Metro Manila remaining far more connected than many regions in Mindanao and other underserved provinces.<sup>5</sup>

Infrastructure deployment has also experienced regulatory bottlenecks. Prior to recent reforms, apart from the numerous documentary requirements and permits, it took telecommunication companies an average of eight (8) months to secure permits before constructing a single cell site, and another four (4) months for construction.<sup>6</sup> The Department of Information and Communications Technology (DICT) likewise identified “non-standardized permitting procedures, LGU delays, and right of way issues,” high power cost, and additional imposition of regulatory fees, as primary barriers to broadband expansion. These constraints directly contributed to lower tower density, compared to

Southeast Asian neighbors like Thailand and Malaysia.

In response, the Philippine government enacted a series of structural reforms:

## 1. Common Tower Policy

The Rules on the Accelerated Roll-Out of Common Towers in the Philippines (Common Tower Policy), issued by DICT in 2020, introduced a new framework that moved the industry away from the long-standing practice of each telecommunications company owning and maintaining its own towers. The policy encourages the development of shared tower facilities, especially in unserved areas, by allowing multiple operators to co-locate in a single structure. The Common Tower Policy also streamlined the licenses and permitting process for the deployment of telecommunications towers under co-sharing arrangement.

Telecommunications companies responded positively to the Common Tower Policy, entering into large-scale sale and leaseback arrangements with independent tower companies to monetize existing assets, reduce capital expenditure, and accelerate network rollout through shared infrastructure. This industry-wide move toward co-location demonstrated the viability of separating tower ownership from network operations and attracted significant investment from both local and foreign tower providers. The success of these arrangements laid a practical foundation for the Konektadong Pinoy Act, which builds on this model by promoting broader open-access principles and providing a more comprehensive framework for expanding affordable, reliable, and nationwide connectivity.

## 2. Public Service Act Amendments

Another key reform intended to improve digital connectivity is the easing of barriers for foreign participation.

Republic Act No. 11659, which amended the Public Service Act, removed telecommunications from the definition of “public utility.” This effectively lifted the previous requirement that at least sixty percent (60%) of ownership be held by Filipino citizens. Although telecommunications industry is classified as critical infrastructure, it may nevertheless be owned up to one hundred percent (100%) by foreign investors, subject to compliance with a reciprocity requirement, *i.e.*, that Philippine nationals are afforded comparable

<sup>1</sup> DICT ICT Knowledge Portal, WIDI shows increase in overall internet penetration among households from 2019 to 2022 (2 March 2023).

<sup>2</sup> DICT Department Circular No. 008 dated 29 May 2020.

<sup>3</sup> Department of Information and Communications Technology, Brief on Philippine Internet Speed (as of March 2025) and Comparison among ASEAN Countries (2024).

<sup>4</sup> *Id.*

<sup>5</sup> National Information and Communications Technology Household Survey (NICTHS), 2024.

<sup>6</sup> Republic of the Philippines, Philippine News Agency, Gatchalian backs reduced telco cell site application process (18 August 2020).

investment rights in the foreign investor's home jurisdiction, whether in telecommunications or in analogous economic sectors.

The law authorizes the President, upon the recommendation of the relevant administrative agency, to suspend or prohibit any proposed merger, acquisition, or investment that would confer control to a foreign national if national security considerations warrant such action. These provisions collectively liberalize foreign entry into the sector while maintaining appropriate safeguards to protect sovereign and security interests.

### 3. The Konektadong Pinoy Act

The Konektadong Pinoy Act, which lapsed into law on 23 August 2025, is the most recent reform lowering barriers to competition in data transmission services. It declared all segments of data transmission competitive and open. Instead of requiring a legislative franchise, data transmission industry participants shall secure authorization from the National Telecommunications Commission (NTC) to use spectrum resources.

To enter the market, Data Transmission Industry Participants (DTIPs) must register with the NTC and satisfy its eligibility criteria,<sup>7</sup> which include (a) legal qualifications, (b) technical capability, (c) financial capacity, and (d) commitment to comply.<sup>8</sup> Depending on their risk profile, DTIPs must also secure a cybersecurity certification or a certificate of compliance. This is critical as non-compliance may result in suspension and subsequent revocation of registration or authority.

While Konektadong Pinoy liberalizes participation in the sector, it embeds strong consumer-protection mechanisms by adhering to NTC's performance standards. DTIP performance is monitored through periodic audits and/or inspections.<sup>9</sup> Failure to comply may result in administrative penalties in the form of fines and, in more serious cases, suspension and revocation of the registration or authorization of the erring DTIP.<sup>10</sup>

Konektadong Pinoy also sets the Dig Once Policy, which encourages the integration of telecommunications infrastructure into ongoing public and private works<sup>11</sup> to minimize deployment and operations costs arising from repeated excavation, and limit public disruption.<sup>12</sup>

To further streamline processes, the NTC shall establish a simplified Green Lane registration process, with streamlined documentary requirements, and reduced processing fees for micro and community-based DTIPs that intend to operate in rural, underserved, or unserved areas.<sup>13</sup>

Competition oversight is likewise strengthened through coordinated monitoring between NTC and the Philippine Competition Commission (PCC), thereby ensuring that all industry players observe fair, reasonable, and non-discriminatory treatment in all their dealings, and that barriers to entry are eliminated to make the industry highly competitive.<sup>14</sup>

Finally, in line with its open access policy, an Access List containing all digital infrastructure and services required for an access seeker to competitively provide data transmission services will be made publicly available. This measure is expected to enhance competition and facilitate entry of new players in the industry.<sup>15</sup>

### Fiscal Incentives

Telecommunication Infrastructure and Services remain a priority investment area under the 2022 Strategic Investments Priority Plan (SIPP). Accordingly, investors in this sector are eligible for fiscal incentives, such as the Income Tax Holiday (ITH) and Enhanced Deductions Regime (EDR), duty exemption, and value-added tax exemption and zero-rating,<sup>16</sup> depending on the location and industry tier of the registered project or activity.

#### References

DICT ICT Knowledge Portal, *WIDI shows increase*

<sup>11</sup> Section 17, RA No. 12234.

<sup>12</sup> Section 4(r), Rule I, Implementing Rules and Regulations of RA No. 12234.

<sup>13</sup> Section 4, Rule III, Implementing Rules and Regulations of RA No. 12234.

<sup>14</sup> Section 5, Rule II, Implementing Rules and Regulations of RA No. 12234.

<sup>15</sup> Section 2, Rule VI, Implementing Rules and Regulations of RA No. 12234.

<sup>16</sup> Section 3, Rule II, Implementing Rules and Regulations of RA No. 12234.

<sup>7</sup> Section 4, Rule II, Implementing Rules and Regulations of RA No. 12234.

<sup>8</sup> Section 2(b), Rule III, Implementing Rules and Regulations of RA No. 12234.

<sup>9</sup> Section 13, Rule III, Implementing Rules and Regulations of RA No. 12234.

<sup>10</sup> Section 14, Rule III, Implementing Rules and Regulations of RA No. 12234.

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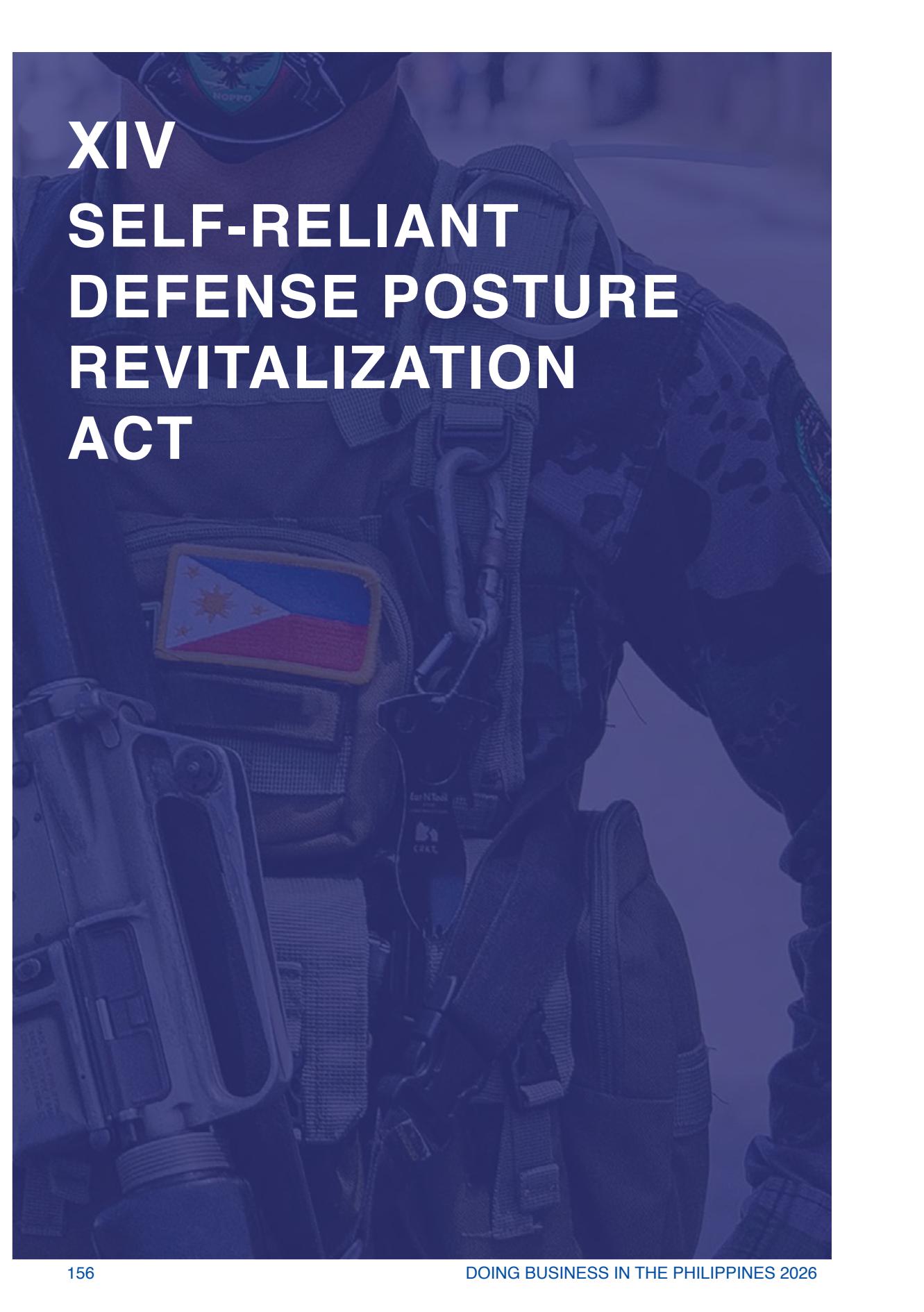
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# **XIV SELF-RELIANT DEFENSE POSTURE REVITALIZATION ACT**

# THE PHILIPPINE SELF-RELIANT DEFENSE POSTURE (SRDP) PROGRAM

The Self-Reliant Defense Posture (SRDP) Program is institutionalized under Republic Act (RA) No. 12024<sup>1</sup>, also known as the Self-Reliant Defense Posture (SRDP) Revitalization Act (SRDP Act). The law establishes a comprehensive framework for the development of a National Defense Industry (NDI) through the participation of government agencies, in-country enterprises, and qualified foreign partners. Under the SRDP Program, private enterprises engaged in covered defense and dual-use activities may qualify for fiscal and non-fiscal incentives administered by the Board of Investments (BOI), in addition to participating in government procurement, technology transfer arrangements, and defense-related research, development, manufacturing, and services.

This initiative strengthens national security while fostering economic growth within the defense sector. By prioritizing local production, research, and innovation, the SRDP Act reduces reliance on foreign suppliers and promotes the establishment of an integrated ecosystem that supports military readiness and technological advancement. This framework facilitates collaboration among government agencies, private enterprises, and academic institutions, aligning defense capability requirements with industrial and innovation objectives.

## Objectives of the SRDP

Pursuant to RA 12024 and its implementing rules and regulations, the SRDP Program aims to:

1. Develop and sustain NDI capable of addressing the country's defense requirements;
2. Promote the local production and development of defense material;
3. Reduce reliance on foreign sources for critical defense equipment and components;

<sup>1</sup> The IRR of RA No. 12024, which was issued under DND Department Circular No. 03 Series of 2025, took effect on 27 February 2025.

4. Encourage public-private partnerships, joint ventures, and technology transfer;
5. Support research and development, workforce training, and skills development related to defense manufacturing and services; and
6. Institutionalize interagency coordination among defense, trade, science, finance, and regulatory agencies.

## Scope and Coverage

The SRDP Program covers activities related to research, development, production, assembly, servicing, maintenance, logistics, and lifecycle support of defense material, including but not limited to:

- Small arms, ammunition, and ordnance;
- Military land vehicles and mobility platforms;
- Naval vessels and maritime support craft;
- Aircraft components, aerospace parts, and related systems;
- Tactical communications, information and communications technology, surveillance and cyber-related systems;
- Uniforms, protective gear, and personal military equipment; and
- Dual-use products (e.g., drones, logistics vehicles, power systems).

Moreover, the law promotes investments in defense industrial parks, testing, certification, and research and development facilities, and workforce development and specialized training programs.

## Legal and Policy Framework

The SRDP is implemented pursuant to, and in coordination with, the following laws and policy issuances:

- RA 12024 – Self-Reliant Defense Posture Revitalization Act;
- RA No. 7898 and RA No. 10349 – AFP Modernization Acts (1995, amended 2012);
- Executive Order No. 18, s. 2023 – Establishing Green Lanes for strategic investments, including defense;
- BOI's Strategic Investment Priority Plan (SIPP) – Classifies defense and aerospace among priority sectors;
- RA No. 11981 – Tatak Pinoy (Proudly Filipino) Act – Promotes local value addition and industrial capacity-building across priority sectors, including defense. The law aligns with SRDP's objectives by encouraging the

procurement of locally made goods and incentivizing Filipino manufacturers engaged in strategic industries.

## Modes of Private Sector Participation

Private enterprises may participate in SRDP-covered activities through:

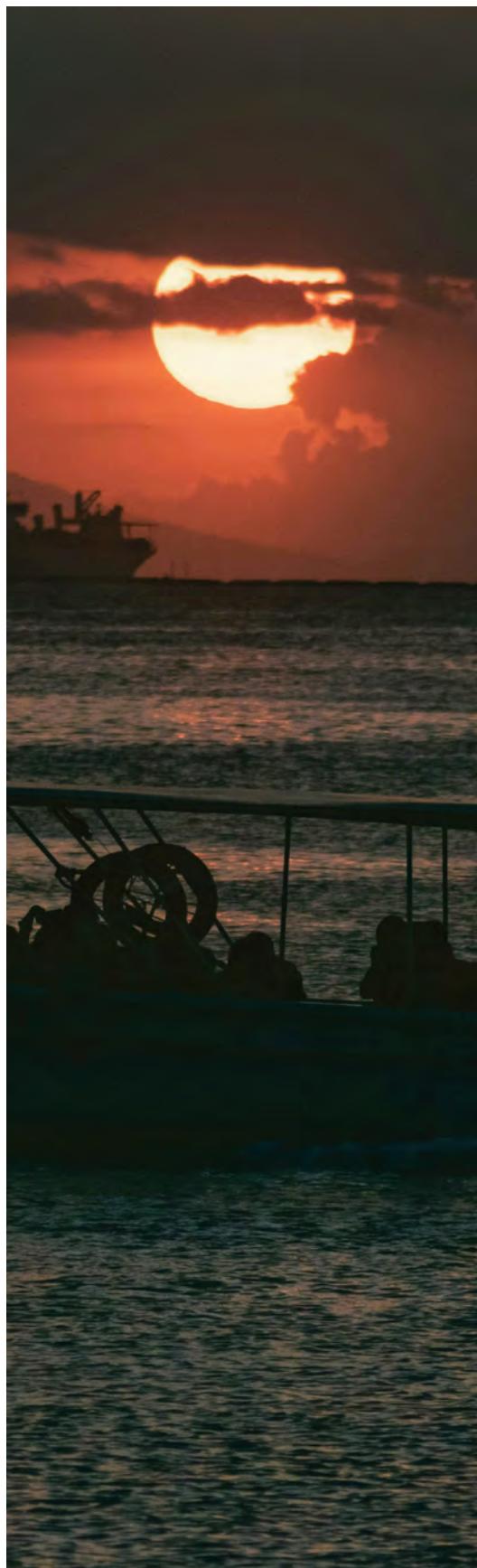
- Direct engagement in defense-related manufacturing and services;
- Public-private partnership arrangements;
- Joint ventures with government entities or foreign defense manufacturers;
- Technology transfer, co-development, and offset arrangements; and
- Participation in defense-related research, testing, certification, and training initiatives.

## Incentives

Enterprises registered in the SRDP Program may qualify for incentives, subject to BOI registration. These include income tax incentives under the CREATE Act, VAT exemption or zero-rating on qualified transactions, duty-free importation of capital equipment, raw materials, spare parts, and accessories, priority consideration in government procurement of locally produced defense material, subject to applicable procurement laws, eligibility for special procurement modalities, including multi-year contracting and offset arrangements, and investment facilitation and regulatory support, including access to BOI's Green Lane mechanism for strategic investments.

## Key Takeaways

The SRDP Program is a vital initiative for national security, industrial transformation, and strategic autonomy. Together with enabling frameworks such as the Tatak Pinoy Act, including other proposed bills such as the establishment of Special Defense Economic Zones, the SRDP Act would be a powerful tool not only in bolstering the country's national defense but also in the growth of the local defense industry. By aligning defense capability-building with domestic manufacturing and innovation, the Philippines can reduce foreign dependence, strengthen its defense readiness, and generate high-value jobs and technology spillovers across various sectors.



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# INVESTMENT ZONES

## AVAILABLE LOCATION FOR MANUFACTURING ACTIVITIES

### A. 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

### B. 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, Tanuan, 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

This list includes PEZA's top 5 biggest zones for each following classification: (1) Manufacturing, (2) IT Centers and Parks, (3) Agro-Industrial, (4) Tourism and Medical Tourism Centers/Parks.

## MANUFACTURING

### **Zone Name: Clark Special Economic Zone**

**Location:** Angeles City, Municipalities of Mabalacat and Porac, Pampanga and the Municipalities of Capas and Bamban, Tarlac

**Developer/Operator:** Clark Development Corporation

**Total Area (in sqm):** 293,650,000

**Region:** III

### **Zone Name: Phividec Industrial Estate-Economic Zone**

**Location:** Municipalities of Villanueva and Tagoloan, Misamis Oriental

**Developer/Operator:** Phividec Industrial Authority

**Total Area (in sqm):** 30,000,000

**Region:** X

### **Zone Name: Taganito Special Economic Zone**

**Location:** Barangays Cagdianao, Hayanggabon, and Taganito, Municipality of Claver, Province of Surigao Del Norte

**Developer/Operator:** Taganito Mining Corporation

**Total Area (in sqm):** 6,875,094.20

**Region:** XIII

### **Zone Name: Lima Technology Center**

**Location:** San Lucas, Bugtong na Pulo & Inosluban, Lipa City and Santiago & Payapa, Malvar, Batangas

**Developer/Operator:** Lima Land Inc.

**Total Area (in sqm):** 5,874,643

**Region:** IV

### **Zone Name: Leyte Industrial Development Estate**

**Location:** Isabel, Leyte

**Developer/Operator:** National Development Corporation

**Total Area (in sqm):** 4,247,000

**Region:** VIII

## IT PARKS AND CENTERS

**Zone Name: Lakeside EvoZone**

**Location:** Barangays Don Jose and Sto. Domingo, Sta. Rosa City, Laguna

**Developer/Operator:** Ceci Realty, Inc.

**Total Area (in sqm):** 659,061

**Region:** IV

**Zone Name: CBP-IT Park**

**Location:** Barangays Mabolo, Luz, Hipodromo, Carreta, and Kamputhaw, Cebu City

**Developer/Operator:** Ayala Land Inc.

**Total Area (in sqm):** 500,000

**Region:** VII

**Zone Name: UP Science And Technology Park (North)**

**Location:** Commonwealth Avenue, Quezon City

**Developer/Operator:** University of the Philippines

**Total Area (in sqm):** 380,600

**Region:** NCR

**Zone Name: SM City Pampanga**

**Location:** City of San Fernando and Municipality of Mexico, Pampanga

**Developer/Operator:** SM Prime Holdings, Inc.

**Total Area (in sqm):** 316,089

**Region:** III

**Zone Name: Cebu I.T. Park**

**Location:** Lahug and Apas, Cebu City

**Developer/Operator:** Ayala Land Inc.

**Total Area (in sqm):** 249,606

**Region:** VIII

# AGRO-INDUSTRIAL

## **Zone Name: Kamanga Agro-Industrial Economic Zone**

**Location:** Brgy. Kamanga, Municipality of Maasim, Province of Sarangani

**Developer/Operator:** Kamanga Agro-Industrial Ecozone Development Corporation

**Total Area (in sqm):** 916,718

**Region:** XII

## **Zone Name: Sarangani Economic Development Zone**

**Location:** Cannery, Polomolok, South Cotabato

**Developer/Operator:** Sarangani Resources Corporation

**Total Area (in sqm):** 728,673

**Region:** XII

## **Zone Name: SRC Allah Valley Economic Development Zone**

**Location:** Tubi-allah, Surallah, South Cotabato

**Developer/Operator:** Sarangani Resources Corporation

**Total Area (in sqm):** 560,958

**Region:** XII

## **Zone Name: Cavite Biofuels Ecozone**

**Location:** Barangay Caluangan, Municipality of Magallanes, Province of Cavite

**Developer/Operator:** Penwood Project Land Corporation

**Total Area (in sqm):** 544,358

**Region:** IV

## **Zone Name: Bukidnon Agro-Resources Export Zone**

**Location:** Barangay Agusan Canyon, Manolo Fortich, Bukidnon

**Developer/Operator:** Philippine Packing Management Services Corporation

**Total Area (in sqm):** 461,700

**Region:** X

# TOURISM AND MEDICAL TOURISM CENTERS/PARKS

**Zone Name:** John Hay Special Tourism Economic Zone

**Location:** Baguio City, Benguet Province

**Developer/Operator:** John Hay Management Corporation

**Total Area (in sqm):** 3,018,600

**Region:** CAR

**Zone Name:** Pamalican Island Tourism Ecozone

**Location:** Barangay Manamok, Cuyo, Palawan

**Developer/Operator:** Seven Seas Resort and Leisure, Inc.

**Total Area (in sqm):** 897,464

**Region:** IV

**Zone Name:** Boracay Eco-Village Resort Tourism Economic Zone

**Location:** Yapak, Boracay Island, Malay, Aklan

**Developer/Operator:** Boracay Property Holdings, Inc.

**Total Area (in sqm):** 792,100

**Region:** VI

**Zone Name:** Fort Ilocandia Tourism Economic Zone

**Location:** Balacad, Laoag City, Ilocos Norte

**Developer/Operator:** Fort Ilocandia Property Holdings and Development Corporation

**Total Area (in sqm):** 774,680

**Region:** I

**Zone Name:** Bagong Nayong Pilipino – Entertainment City Manila

**Location:** Bay City Project, Parañaque City

**Developer/Operator:** Philippine Amusement & Gaming Corp.

**Total Area (in sqm):** 656,700

**Region:** NCR

# DIRECTORY OF PARTNERS



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### Authority of the Freeport Area of Bataan

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### Philippine Economic Zone Authority (PEZA)

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bai Hotel Cebu is a premier 4-star independent property in Mandaue City, offering panoramic harbor and city views between the vibrant hubs of Cebu and Mandaue. Since opening in 2017, it has become a contemporary business hotel and culinary destination, featuring 668 modern guestrooms and eight stylish restaurants. Designed with refined aesthetics and secured with world-class access systems, the hotel caters to business and leisure travelers seeking bold, authentic, and innovative experiences. A proud member of Worldhotels, bai Hotel Cebu delivers enhanced safety, elevated comfort, and distinctly bai service—making it Your Host in the South for inspired and memorable stays.

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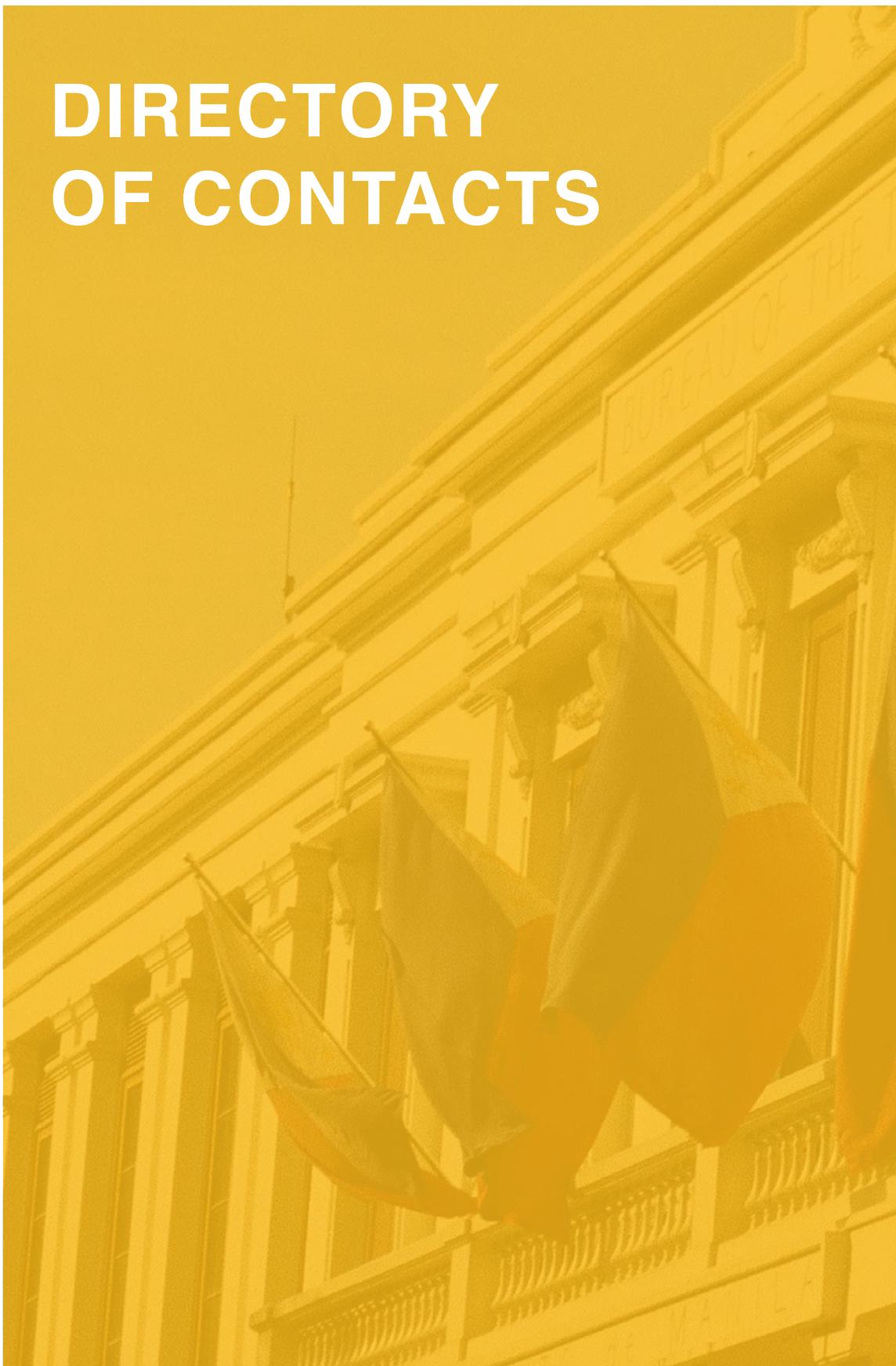
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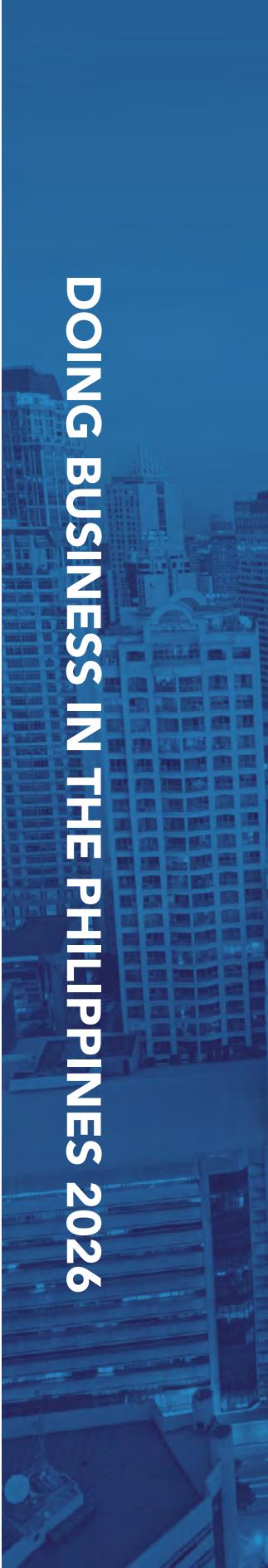


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