



DOING BUSINESS IN THE PHILIPPINES

Governor ANGELICA M. CAYAS

BOARD OF INVESTMENTS

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THE PHILIPPINE BOARD OF INVESTMENTS

Your Window to Infinite Opportunities in the Philippines

Due diligence assistance

- Information support
- Visit program development & investment briefing
- Business matching

Business registration facilitation

- Networking with IPU and other government agencies on pre-operational business requirements
- Fast tracking with registration procedures
- Assistance with local government requirements

Aftercare service

- Presence of government network to quickly respond to concerns
- Regular supervision & monitoring



Business Structures / Options for Entry

DOMESTIC CORPORATION

- A business entity that has its own juridical personality separate from its stockholders
- Can either be stock or non-stock
- Maximum of 15 incorporators
- No minimum capital stock required for Filipino-owned corporations, except as otherwise specifically provided by special laws



Domestic Corporation with 0% Foreign Equity (All Filipino)



Domestic Corporation with 0.01% to 40% Foreign Equity



Foreign Owned Domestic Corporation with 40.01% to 100% Foreign Equity (FIA applies)



One Person Corporation

Business Structures / Options for Entry

SUBSIDIARY

- Deemed a domestic corporation even if majority of its capital stock is foreign-owned.
- Has a legal and juridical personality separate and distinct from its parent company

BRANCH OFFICE

- Extension of the legal and juridical personality of the foreign head office and carries out the business and activities of the head office.
- Deals directly with clients of the parent company and derives income from the host country

REPRESENTATIVE OFFICE

- Undertakes activities such as but not limited to information dissemination & promotion of the company's products as well as quality control of products for export
- Deals directly with the clients of the parent company but does not derive income from the host country
- One-time minimum inward remittance of USD30,000.

Foreign Ownership

WITHOUT INCENTIVES (FOREIGN INVESTMENT ACT OF 1991)

Domestic Market

- Up to 100% Foreign Equity (except in activities listed in the FINL)
- US\$200,000 equity requirement (can be lowered to US\$100,000 if activity involves advance technology or employs 50 direct employees)

Export Market

- Up to 100% Foreign Equity
- Minimum 60% Export Requirement
- No minimum equity requirement

Foreign Ownership

WITH INCENTIVES (BOI EO 226)

**Domestic
Market**

Sectors must be listed in the current Investment Priorities Plan (IPP)

- Up to 40% Foreign Equity or
- Up to 100% Foreign Equity (pioneer status)
 - US\$200,000 equity requirement (can be lowered to US\$100,000 if activity involves advance technology or employs 50 direct employees)

**Export
Market**

- Up to 100% Foreign Equity
- Minimum 70% Export Requirement

2017 Investment Priorities Plan

A. Preferred Activities

1. ALL QUALIFIED MANUFACTURING ACTIVITIES INCLUDING AGRO-PROCESSING
2. AGRICULTURE, FISHERY AND FORESTRY
3. STRATEGIC SERVICES
 - a. IC Design
 - b. Creative Industries/Knowledge-Based Services
 - c. Maintenance, Repair, and Overhaul (MRO) of aircraft
 - d. Charging/Refueling Stations for Alternative Energy Vehicles
 - e. Industrial Waste Treatment
 - f. Telecommunications
 - g. State-of-the-art Engineering, Procurement and Construction
4. HEALTHCARE SERVICES INCLUDING DRUG REHABILITATION CENTERS
5. MASS HOUSING
6. INFRASTRUCTURE & LOGISTICS INCLUDING LGU-PPPs
7. INNOVATION DRIVERS
8. INCLUSIVE BUSINESS MODELS
9. ENVIRONMENT OR CLIMATE CHANGE-RELATED PROJECTS
10. ENERGY



2017 Investment Priorities Plan

B. Export Activities

- Manufacture of export products
- Services exports
- Activities in support of exporters

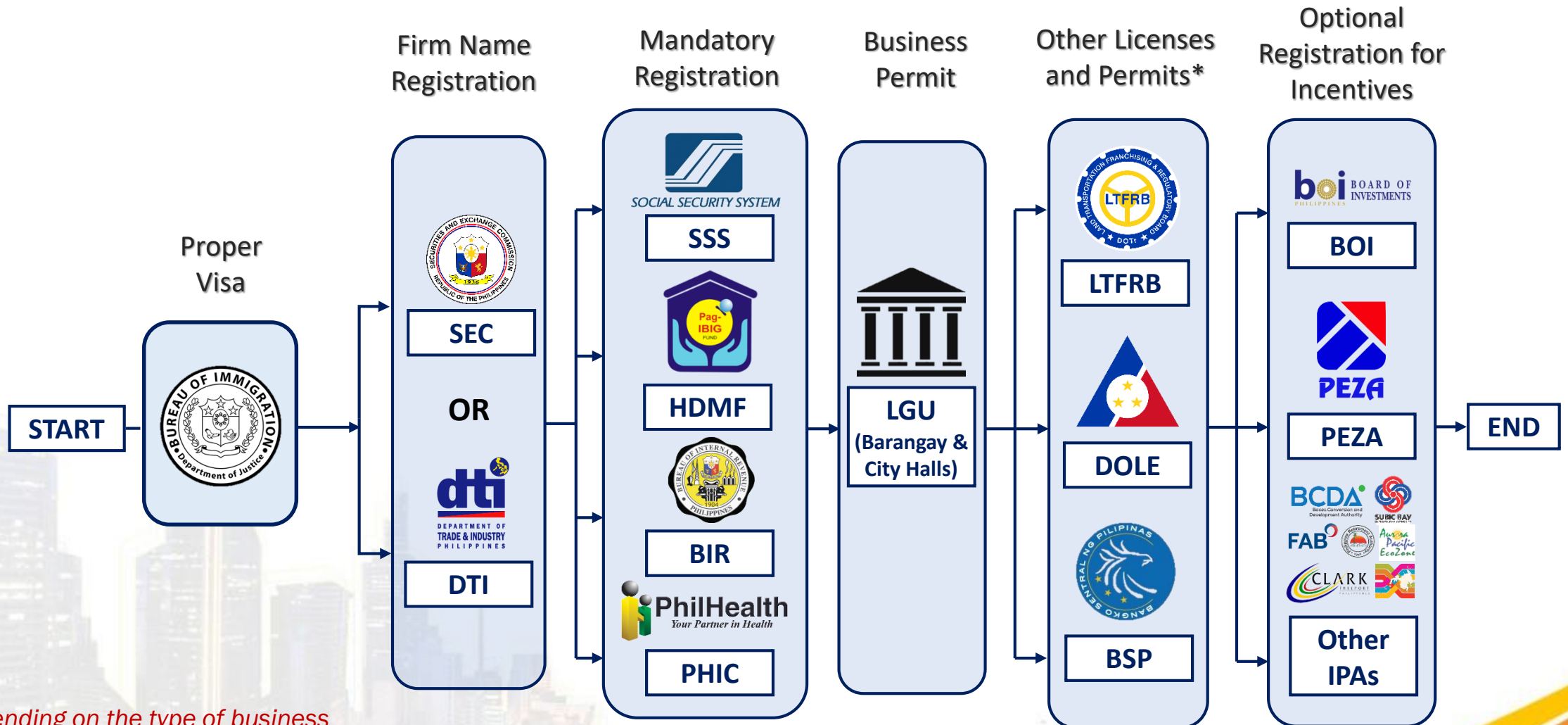
C. Special Laws

- Industrial Tree Plantation (PD 705)
- Mining (RA 7942) (limited to capital equipment incentive)
- Publication or Printing of Books/Textbooks (RA 8047)
- Refining, Storage, Marketing and Distribution of Petroleum Products (RA 8479)
- Rehabilitation, Self-Development and Self-Reliance of Persons with Disability (RA 7277)
- Renewable Energy (RA 9513)
- Tourism (RA 9593)

Competitive Investment Incentives

INCENTIVE	Board of Investments (BOI) (Executive Order No. 226, as amended)	Philippine Economic Zone Authority (PEZA) (Republic Act No. 7916, as amended)
Income Tax Holiday (ITH)	4 – 6 years (max of 8 years)	
ITH Bonus	3 years provided the firm meets certain conditions	
Special Tax Rate of 5% on Gross Income	None	Special Tax Rate of 5% on Gross Income
Importation of Capital Equipment, Spare Parts and Supplies	0% Duty	Tax and Duty-Free
Importation of Raw Materials & Supplies used in Export	Tax Credit	Tax & Duty-Free
Value Added Tax	Zero Rating for Exports	0%
Employment of Foreign Nationals	Special Non-Immigrant Working Visa within 5 years from project's registration including spouse and unmarried children under 21 years of age	

Business Process



**Depending on the type of business*

Basic Rights & Guarantees of a Foreign Investor

Chapter 3, Title 2 of E.O. No. 226



Protection of Investments

Repatriation of Investments

Remittance of Earnings

Foreign Loans and Contracts

Freedom from Expropriation

Requisition of Investment (in the event of war or national emergency)

Investor's Lease Act (RA 7652)

- ❖ Long term lease on private lands for a period of 50 years renewable for another 25 years;
- ❖ Use of leased area that is reasonably required solely for investment such as establishment of industrial estate, factories, assembly or processing plants, agro-industrial, tourism, etc.
- ❖ Leasehold right may not be sold, transferred, assigned and/or sub-lease without prior BOI Board approval except when made to a Philippine national;

Termination of lease agreement in case of:

- Failure to initiate the investment project within three (3) years from signing of the lease agreement;
- Withdrawal of the approved investment without Board approval; and
- Use of the leased premises other than that authorized by the Board

GREATER EASE OF DOING BUSINESS

(signed into law; IRR submitted)

Republic Act No. 11032 or the Ease of Doing Business and Efficient Government Service Delivery Act of 2018 is an amendment to RA 9485 or the Anti-Red Tape Law.

**Automatic approval if not
decided within Prescribed
Processing Time:**

- **Simple transactions – 3 days**
- **Complex – 7 days**
- **Highly Technical – 20 days**

2 Strike Policy

FIRST OFFENSE: Six (6) months suspension, without pay

SECOND OFFENSE: Dismissal from the service

- Imprisonment of one (1) year to six (6) years
- Perpetual disqualification from holding public office
- Fine of between P500K to P2M
- Forfeiture of retirement benefits

REFORMS TO IMPROVE THE BUSINESS ENVIRONMENT

Proposed Policy Reforms

- **RETAIL TRADE LIBERALIZATION ACT**
to lower the investment threshold & classification of types of goods
- **PUBLIC SERVICE ACT**
to liberalize foreign investment in public utilities, i.e. Telecommunications
- **TRABAHO Bill (Tax Reform Initiative)**
to reduce corporate income tax from 30% to 20% gradually by 2% every 2 years
to remove nationality and export bias



THANK YOU!

