



DOING BUSINESS IN THE PHILIPPINES

COUNTRY PROFILE

- **Philippines** is one of the largest archipelagos in the world, situated in SEA
- It has a tropical climate and mountainous terrain
- Composed of 7,107 islands grouped into three geographic areas: Luzon, Visayas and Mindanao.
- Capital City – Manila
- Presidential Form of Government
- National Language is Filipino, with 9 major dialects. English is widely spoken.



- Filipinos are of Malay descent, which over the centuries have been mixed up with Spanish, Chinese, Japanese, Arabic, Indian, and American blood.
- More than 90% are Christians and 10% partly Islam or indigenous religions.
- Population is 94.01 million (2010 NSO Survey)

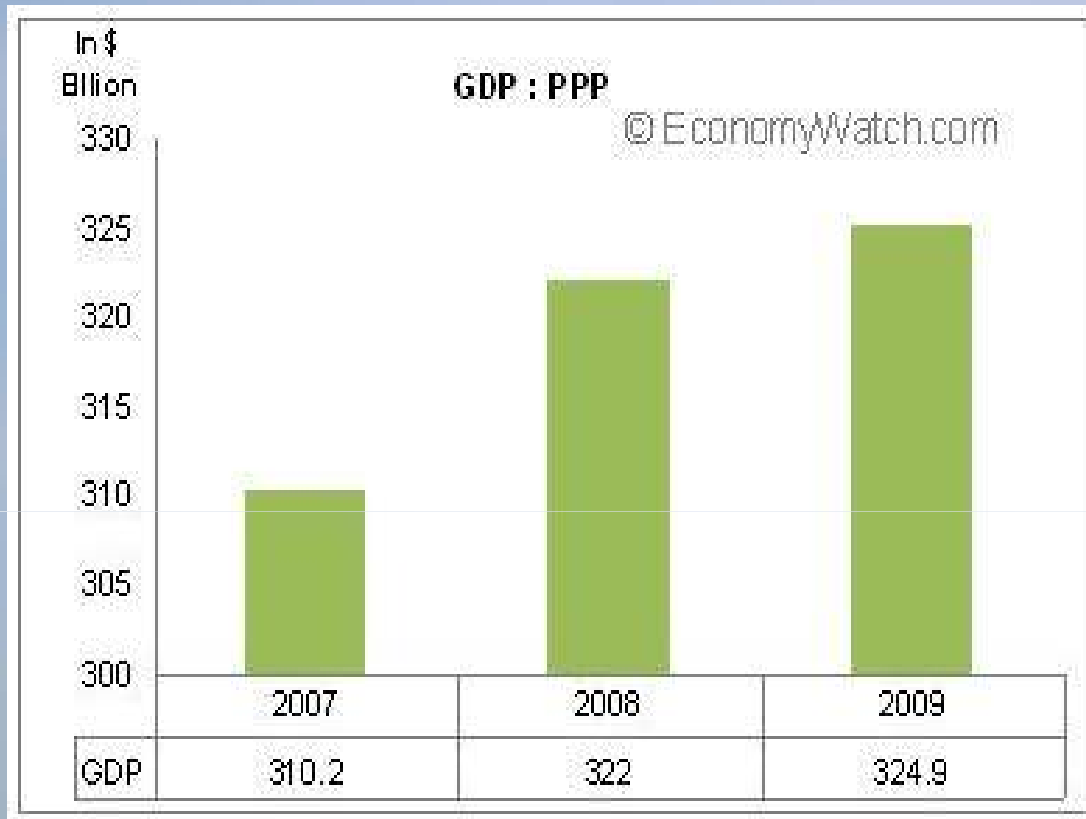


ECONOMIC HIGHLIGHTS

- Philippine Economy is the 4th largest economy in SEA and the world's 36th largest economy (IMF 2009)
- Total labor force of around 37.89 million (2009); unemployment rate of 6.9% (as of July 2010)
- Inflation rate is 3.5% (September 2010)
- Exports are around USD37.51 Billion (2009) – US, Japan, China, Singapore, Hong Kong, South Korea, and Germany
- Imports are around USD46.39 Billion (2009) – US, Japan, China, Singapore, Taiwan



ECONOMIC HIGHLIGHTS



- In 2009, the real GDP growth rate was 0.9%.
- For the first quarter of 2010 the economy grew by 7.3% which was higher than the 3.6% forecast.
- At the end of the second quarter of 2010, GDP growth again exceeded expectations by coming in at 7.9%
- GDP per capita is 3.521 USD (2009, PPP)

ECONOMIC HIGHLIGHTS

Important sectors of Philippine industry include:

- Food processing
- Textiles and garments
- Electronics and automobile parts
- Mining - significant reserves of chromite, nickel, and copper
- Natural gas finds off the islands of Palawan to the country's geothermal, hydro, coal, and oil exploration energy reserves.

ECONOMIC HIGHLIGHTS

Important sectors of Philippine industry include:

- Food processing
- Service like BPOs, KPOs, etc.
- Textiles and garments
- Electronics and automobile parts
- Mining - significant reserves of chromite, nickel, and copper
- Natural gas finds off the islands of Palawan to the country's geothermal, hydro, coal, and oil exploration energy reserves.

WHY SHOULD YOU INVEST IN THE PHILIPPINES?

CAS International - Executive Assembly
November 12, 2010, KL Malaysia

- ✓ *Top 25 Best Locations in Asia for Expatriates to Live (ECA International's Location Ranking Survey in 2008)*
- ✓ *Rated No. 1 in skilled labor in the 2002 World Competitiveness Yearbook (IMD, Switzerland)*
- ✓ *Ranked No. 1 among 47 nations in the category of knowledge workers in the Meta Group's Global New E-Economy Index (June 2000)*
- ✓ *Rank 110th out of 143 major cities, with the costliest cities ranked higher (2008 Cost of Living Survey by Mercer)*

1. Brilliant Work Force – Skills and Knowledge
2. Adaptable to Global Transformations
3. Strategically Positioned for Success
4. Investor-Friendly Incentives
5. Hospitable Lifestyle
6. Boundless Business Opportunities

HOW TO INVEST IN THE PHILIPPINES?

General Policy on Investments

In general, anyone, regardless of nationality, is welcome to invest in the Philippines.

However, for some economic activities, there are restrictions on the extent of foreign ownership as contained in the Foreign Investments Negative Lists (FINL).

RESTRICTIONS ON FOREIGN INVESTMENT

No Foreign Equity

- Mass media except recording
- Licensed Professions: Medicine, Accountancy, etc.
- Cooperatives
- Private Security Agency
- Small-scale mining
- Utilization of Marine Resources

RESTRICTIONS ON FOREIGN INVESTMENT

20% Foreign Equity

- Private radio communication

25% Foreign Equity

- Recruitment Agency
- Construction of defense-related structures

30% Foreign Equity

- Advertising

RESTRICTIONS ON FOREIGN INVESTMENT

40% Foreign Equity

- Natural resources exploration, development and utilization
- Land ownership
- Public utilities
- Educational Institution
- Rice and corn industry
- Ownership of condominiums
- Adjustment companies

RESTRICTIONS ON FOREIGN INVESTMENT

60% Foreign Equity

- Financing companies
- Investment houses

CORPORATE FORMATION

| ORGANIZED UNDER PHILIPPINE LAW | ORGANIZED UNDER FOREIGN LAWS |
|---------------------------------------|---|
| Sole Proprietorship | Branch Office |
| Partnership | Representative Office |
| Domestic Corporation (stock/nonstock) | Regional Headquarters (ROHQs) |
| | Regional Operating Headquarters (ROHQs) |

A. DOMESTIC FOREIGN CORPORATION (SUBSIDIARY)

DEFINITION

A corporation incorporated under Philippine Laws with more than 40% foreign equity subject to FINL.

REGISTRATION REQUIREMENTS

1. Submission of Articles of Incorporation/Bylaws with Securities and Exchange Commission (SEC)
2. Incorporators – at least 5 but not more than 15. Majority must be residents.
3. Payment of Filing Fee. (1/5 of 1% of Authorized Capital Stock. Plus a legal fee of 1%)

A. DOMESTIC FOREIGN CORPORATION (SUBSIDIARY)

REGISTRATION REQUIREMENTS

1. Minimum paid-up capital is USD200,000
2. However, if the company qualifies as an Export-Oriented Enterprise if its export sales are at least 60% of gross sales, it is exempt from the USD200,000 capitalization requirement.

It will only be required to have at least 25% of the authorized capital stock subscribed, and that at least 25% of such subscriptions must be paid-up. In no case, the minimum paid up be not less than P5,000.

1. In case of foreign subscribers, full payment is required.

A. DOMESTIC FOREIGN CORPORATION (SUBSIDIARY)

REGISTRATION REQUIREMENTS

1. Securing Taxpayer Identification Number (TIN) upon registration with the Bureau of Internal Revenue (BIR)
2. Payment of Business Permit
3. Registration with Social Security System (SSS), Philippine Health Insurance Corporation (PHIC), and Home Development Mutual Fund (HDMF).

B. BRANCH

DEFINITION

A foreign corporation carrying out business activities of the head office and derives income from the host country.

REGISTRATION REQUIREMENTS

1. Secure Certificate of License to do Business in the Philippines from the SEC.
2. Minimum capital is USD 200,000 which can be reduced to USD 100,00 if (a) the activity involves advanced technology, or (b) employment of at least 50 direct employees.

B. BRANCH

REGISTRATION REQUIREMENTS

1. Must appoint a Resident Agent
2. If the Branch will be classified as export-oriented enterprise under the Foreign Investment Act (FIA) having 60% export sales of goods/services, exemption from the USD 100,000 or USD200,000 will apply.
3. Payment of filing fee
4. BIR, SSS, PHIC and HDMF registrations

C. REPRESENTATIVE OFFICE

DEFINITION

A foreign corporation carrying out activities directly with the clients of the parent such as: (a) information dissemination; (b) product promotion; and (c) facilitation of orders.

It is not allowed to intervene or take part in any manner in the pricing or distribution of products of its main office.

It is not allowed to derive income from the Philippines.

C. REPRESENTATIVE OFFICE

REGISTRATION REQUIREMENTS

1. Secure Certificate of License to do Operate in the Philippines from the SEC.
2. Initial minimum inward remittance of USD 30,000, and thereafter annually which must be at least USD 30,000.
3. Must appoint a Resident Agent
4. Payment of filing fee
5. BIR, SSS, PHIC and HDMF registrations

D. REGIONAL HEADQUARTERS (RHQs)

DEFINITION

A foreign corporation which undertakes activities limited to acting as supervisory, communication, and coordinating centre for its subsidiaries, affiliates and branches in the Asia-Pacific Region.

It acts as an administrative branch of a multinational company engaged in international trade.

It does not derive income from the Philippines.

D. REGIONAL HEADQUARTERS (RHQs)

REGISTRATION REQUIREMENTS

1. Secure Certificate of License to do Operate in the Philippines from the SEC.
2. Initial minimum inward remittance of USD 50,000, and thereafter annually which must be at least USD 50,000.
3. Must appoint a Resident Agent
4. Payment of filing fee
5. BIR, SSS, PHIC and HDMF registrations

E. REGIONAL OPERATING HEADQUARTERS (ROHQs)

DEFINITION

A foreign corporation allowed to derived income in the Philippines by performing the following services to its affiliates, subsidiaries, or branches in the Philippines, in the Asia-Pacific Region and in other foreign countries:

- General administration and planning
- Business planning and coordination
- Sourcing/procurement of raw materials/components
- Corporate finance advisory services
- Marketing control and sales promotion
- Training and personnel management

E. REGIONAL OPERATING HEADQUARTERS (ROHQs)

- Logistics services
- Research and development services, and product development
- Technical support and maintenance
- Data processing and communication
- Business development

ROHQ may not engage, direct or indirectly, in soliciting/marketing of goods and services, whether on behalf of its parent company, branches, affiliates, subsidiaries or any other company.

E. REGIONAL OPERATING HEADQUARTERS (ROHQs)

REGISTRATION REQUIREMENTS

1. Secure Certificate of License to do Operate in the Philippines from the SEC.
2. One time remittance of USD 200,000
3. Must appoint a Resident Agent
4. Payment of filing fee
5. BIR, SSS, PHIC and HDMF registrations

WHAT ARE THE INCENTIVES GIVEN TO FOREIGN INVESTORS?

FOREIGN INVESTMENT INCENTIVES

The Philippines has complex investment incentives favourably comparable with those of the other members of the Association of South-East Asian Nations (ASEAN).

Several laws had been enacted granting various fiscal and non-fiscal incentives to foreign investments such as among others:

- The Foreign Investment Act of 1991
- The Special Economic Zone Act of 1995
- The Omnibus Investment Code of 1987, as amended

FOREIGN INVESTMENT INCENTIVES

The Philippine Constitution also guarantees the basic rights of all investors, such as:

- Freedom from expropriation without just compensation
- Right to remit profits, capital gains, dividends within the guidelines of the Philippine Central Bank
- Right to remit the proceeds of the liquidation of investment
- Right to obtain foreign exchange to meet principal and interest payments on foreign obligations.

IMPLEMENTING AGENCIES

The implementing agencies for the incentives to foreign investors are:

- Board of Investment (BOI)
- Philippine Economic Zone Authority (PEZA)

A. BOARD OF INVESTMENTS (BOI)

The Board of Investments (BOI) provides tax breaks and other incentives to registered entities such as:

- ✓ Those engaged in activities identified as investment priorities as contained in the annual Investment Priorities Plan (IPP) like agribusiness, infrastructure, BPO, and R&D;
- ✓ Those which promote the general economic development of the Philippines
- ✓ Those that are export-oriented (where export is more than 50% of production for Filipino-owned or 70% if the enterprise is more than 40% owned by foreign investors).

A. BOARD OF INVESTMENTS (BOI)

I. FISCAL INCENTIVES

1. Income Tax Holiday (ITH) – Pioneer Project, 6 yrs.; Non-pioneer, 4 yrs.
2. Exemption from taxes and duties on imported supplies and spare parts for consigned equipment
3. Exemption from wharfage dues and any export tax, duty free and impost
4. Access to bonded manufacturing and warehouse system

A. BOARD OF INVESTMENTS (BOI)

PIONEER ACTIVITIES

1. Involved in the production of goods that are not yet available in the Philippines on a commercial scale;
2. Use a design, formula, scheme, method or process, or system of production that is new and untried in the Philippines;

A. BOARD OF INVESTMENTS (BOI)

1. Is engaged in activities and/or services that are feasible and highly essential to the attainment of the national goal, in relation to a declared specific national food and agricultural program for self-sufficiency and other social benefits of the project; or
2. Produces non-conventional fuels or manufactures equipment that utilizes non-conventional fuels or sources of energy or uses non-conventional sources of energy in its production operations.

A. BOARD OF INVESTMENTS (BOI)

The final product in any of the foregoing instances should involve the use of domestic raw materials whenever possible, taking into account the risks and magnitude of investment.

All other qualified activities other than the aforementioned are considered Non-pioneer.

A. BOARD OF INVESTMENTS (BOI)

II. NON-FISCAL INCENTIVES

1. Simplification of customs procedures
2. Unrestricted use of consigned equipment
3. Employment of foreign nationals

B. PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA)

- PEZA registrants must generally be export-oriented, with enterprises located inside the zones required to export 100% of their production.
- In some cases PEZA may approve the sale of up to 30% of production in the domestic market.
- Full foreign ownership of a PEZA enterprise is allowed provided they are not engaged in activities that appear on the FINL.

B. PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA)

I. FISCAL INCENTIVES

1. Income Tax Holiday (ITH) – Pioneer Projects, 6 yrs.; Non-pioneer, 4 yrs.
2. A special tax rate of 5% of gross income in lieu of all national taxes after ITH
3. Tax and duty-free importation of capital equipment, raw materials, spare parts, supplies, breeding stocks and genetic materials.

B. PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA)

1. Tax credit for import substitution
2. Exemption from wharfage dues, export tax, and import fees
3. Tax credit on domestic capital equipment, breeding stocks, and genetic materials,
4. Additional deduction for incremental labor expenses and training expenses
5. Remittance of earnings without prior approval of BSP

B. PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA)

II. NON-FISCAL INCENTIVES

1. Simplification of customs procedures
2. Unrestricted use of consigned equipment
3. Employment of foreign nationals
4. Permanent resident status for foreign investors and immediate family

C. INCENTIVES GIVEN TO RHQ AND ROHQ

| RHQ | ROHQ |
|---|---|
| Exemption from income tax | Subject to preferential income tax of 19% on taxable income |
| Exemption from branch profit remittance tax (BPRT) | Subject to applicable BPRT (15%) |
| Exemption from Value-Added Tax (VAT) | Subject to VAT |
| Exemption from all kinds of local taxes, fees or charges imposed by a local government unit, except real property tax on land improvements and equipment. | |
| Tax-and-duty-free importation of equipment and materials for training and conferences needed and solely used for the RHQ/ROHQ functions, and which are not locally available, subject to prior approval by the BOI. | |

C. INCENTIVES GIVEN TO RHQ AND ROHQ

Expatriate employees of RHQ and ROHQ are given the following incentives:

- ✓ Multiply entry visa
- ✓ 15% preferential tax on gross compensation income
- ✓ Tax-and-duty-free importation of personal and household effects
- ✓ Travel tax exemption



WHAT ARE THE TAXES IN THE PHILIPPINES?

PHILIPPINE TAXES

The Philippine government imposes the following taxes, among others:

1. Corporate Income Tax – 30% of the Taxable Income
2. Minimum Corporate Income Tax (MCIT) – 2% of the Gross Income, starting the 4th Taxable Year of the Company
3. Value-Added Tax (VAT) – 12% of the value of goods/services sold
4. Branch Profit Remittance – 15% of the amount remitted or earmarked for remittance

CLASSIFICATION OF CORPORATIONS

1. DOMESTIC - organized under laws of the Philippines and is taxed on the basis of net worldwide income.

1. FOREIGN - organized under the laws of another country.

A. Resident Foreign - if engaged in trade or business within the Philippines and having an office or place of business therein through a branch or subsidiary office and is taxed on the net Philippine-sourced income;

A. Non Resident Foreign - if engaged in trade or business within the Philippines and not having any office or place of business therein and is taxed on gross Philippine-sourced income.

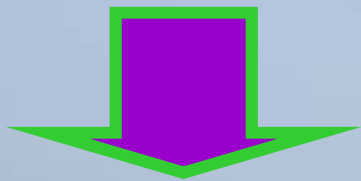
CORPORATE TAX RATES

| Taxpayer | Tax Rate | Basis |
|-----------------------------|-----------------|---------------------------|
| Domestic Corporation | 30% | Net Taxable Income |
| Foreign Corporation | | |
| - Resident Foreign | 30% | Net Taxable Income |
| - Non-Resident Foreign | 30% | Gross Income |

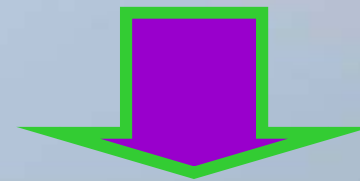
WITHHOLDING TAXES

WITHHOLDING TAXES

Taxes withheld on certain income payments either as final payment of the income tax due from the payee on the said income OR to be credited against the tax due of the payee on said income.



FINAL WITHHOLDING TAXES

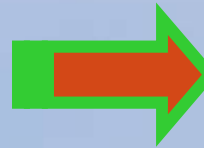


CREDITABLE WITHHOLDING TAXES

FINAL WITHHOLDING TAXES RATES

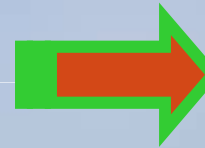
CORPORATE PAYEE

Interest on foreign loans payable to non-resident foreign corporations (NRFCs)



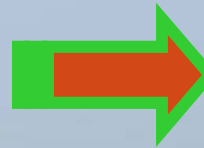
20%

Interest and other income payment on foreign currency transactions/loans payable to OBUs and FCDUs



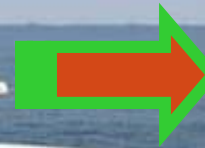
10%

Cash/Property dividend payment by domestic corporation to NRFCs whose countries allowed tax deemed paid credit (subject to tax sparing rule)



15%

All kinds of royalty payments to domestic and resident foreign corporations



20%

Branch profit remittance except PEZA/SBMA/CDA registered enterprises

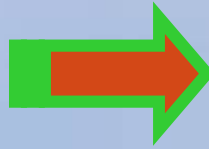


15%

FINAL WITHHOLDING TAXES RATES

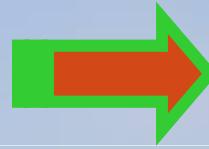
INDIVIDUAL PAYEE

Cash/Property dividend payment by domestic corporation to non-resident alien engaged in trade or business in the Philippines (NRAETB)



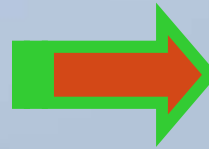
20%

Other royalty payments to citizens, resident alien and NRAETB



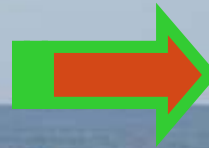
20%

On prizes exceeding Php 10,000 and other winnings paid to individual



20%

Payment to alien individual employed by OBUs, Foreign Petroleum Service Contractors and Sub-contractors, and by ROHQ and RHQ of multinational company, including any of its Filipino Employees occupying the same position



15%

Royalties paid to citizens, resident aliens, and NRAETB on books, other literary works and musical compositions



10%

CREDITABLE (EXPANDED) WITHHOLDING TAX

A. Corporate Payee

| | |
|---|---------------------------------|
| Professional fees paid to juridical persons, provided the payee's current year's gross income exceeds Php 720,000; otherwise 10% rate shall apply | 15% |
| Rentals (real property, personal property in excess of Php 10,000) | 5% |
| Prime contractors and sub-contractors | 2% |
| Amounts paid to certain brokers and agents | 15% |
| Payments made to medical practitioners through a duly registered professional partnership | 15% |
| Payments made by credit card companies to juridical persons | 1% on 1/2% of gross amount paid |
| Payments to independent and exclusive distributors, representatives and marketing agents of multi-level marketing companies | 10% |
| Payments made by government offices to its local/resident suppliers of good and services | 1% on goods 2% on services |
| Income payments made by top 10,000 corporations to their local/resident supplier of goods and services | 1% on goods 2% on services |

CREDITABLE (EXPANDED) WITHHOLDING TAX

B. Individual Payee

| | |
|---|-------------------------------|
| Profession fees (lawyers, CPAs, Engineers, etc.) | 15%* |
| Professional entertainers, athletes, and other recipient of talent fees | 15%* |
| Management and technical consultants | 15%* |
| Movie, stage, radio, television and musical directors | 15%* |
| Fees of director who are not employees of the company | 15%* |
| Rentals (real property, personal property in excess of Php 10,000) | 5% |
| Payments to partners of general professional partnership | 15%* |
| Payments to medical practitioner through hospitals/clinics | 15%* |
| Payments made by government offices to its local/resident suppliers of goods and services | 1% on goods 2% on services |
| Income payment made by top 10,000 corporations to their local/resident supplier of goods and services | 1% on goods 2% on services |

**•Note – Provided the current year's gross income exceeds
Php 720,000; otherwise the rate is 10%.**

CLASSIFICATION OF INDIVIDUAL TAXPAYERS

1. FILIPINO CITIZENS

A. RESIDENT CITIZENS - those residing in the Philippines

B. NON-RESIDENT CITIZENS – those NOT residing in the Philippines working abroad as OFWs, etc.

1. ALIENS OR FOREIGNERS

A. RESIDENT ALIENS – those residing in the Philippines and not citizens thereof. Actually present and not a mere transient or sojourner. Intention with regard to the length of stay must be considered.

Under RP-Korea Tax Treaty, the length of stay is for a period exceeding an aggregate of 183 days in a calendar year.

Example 1:

A Korean Management Expert was hired by a Philippine Corporation to assist in its organization and operation for which he had to stay in the Philippines for 4 months. Is he a resident alien?



TAXABILITY OF SOURCES OF INCOME

| Taxpayer | Source of Income | |
|-----------------------|-------------------|----------------|
| | Within the Phils. | Outside Phils. |
| Resident Citizens | / | / |
| Non-resident Citizens | / | X |
| Resident Aliens | / | X |
| Non-resident Aliens | / | X |

TAX RATES

| Taxpayer | Tax Rate | Basis |
|---------------------------------|-----------------|-----------------------|
| Resident Citizens | 5% - 32% | Taxable Income |
| Non-resident Citizens | 5% - 32% | Taxable Income |
| Resident Aliens | 5% - 32% | Taxable Income |
| Non-resident Citizens | | |
| - Engaged in Trade/Business | 5% - 32% | Taxable Income |
| - Not Engaged in Trade/Business | 25% | Gross Income |

SUMMARY OF TAXES

(BIR Forms, Deadline for Filing, etc.)

| TAX TYPE | FORMS | DEADLINES |
|---|--------|-------------------------------|
| Monthly Withholding Tax on Compensation | 1601-C | 10th day of the ff. mo. |
| Monthly Expanded (Creditable) Withholding Tax | 1601-E | 10th day of the ff. mo. |
| Monthly Final Withholding Tax | 1601-F | 10th day of the ff. mo. |
| Value-Added Tax (VAT) | | |
| -Monthly | 2550M | 20th day of the ff. mo. |
| -Quarterly | 2550Q | 25th day ff. the tax. quarter |
| Corporate Income Tax | | |
| -Quarterly | 1702Q | 60th day ff. the tax. quarter |
| -Annual | 1702 | April 15 of the ff. yr. |
| Fringe Benefit Tax (FBT) | 1603 | 10th day ff. the tax. quarter |
| Annual Registration Fee | 0605 | on or before Jan.31 every yr. |

LOCAL TAXES

- Under the Local Government Code, local government units (LGUs) are given the authority to tax certain activities and businesses conducted within their jurisdiction unless otherwise exempt by law.
- Taxes imposed are Real Property Taxes on Land and Improvements and business permits.



TAX TREATIES

- Tax treaties with various countries for the purpose of avoiding double taxation and prevention of fiscal evasion like, among others:
 1. Malaysia
 2. Thailand
 3. Japan
 4. Singapore
 5. And other countries

WHAT ARE THE RULES ON FINANCIAL REPORTING AND AUDIT?

A. BOOKS AND RECORDS

All business entities paying internal revenue taxes must maintain books of accounts, either manual or computerized.

Books must be kept in their principal place of business.

B. METHOD OF ACCOUNTING AND REPORTING

Accrual basis of accounting should be adopted, except for cash flow information.

Compliance with Philippine Financial Reporting Standards (PFRS) is required.

Audited Financial Statements shall be submitted to Bureau of Internal Revenue (BIR), together with the Annual Income Tax Return, and to the Securities and Exchange Commission (SEC) annually.

What Every Company/Business Needs To Do?

Prior to the Start of Operation

1. Registration of business establishment and all branch office to the Bureau of Internal Revenue;
2. Registration of books of accounts
3. Request for the following permits, if necessary:
 - Authority to print/issue receipts and invoices (BIR Form 1906)
 - Permit to use loose-leaf books of accounts/accounting records/documents or computerized accounting system (CAS)/components thereof (BIR Form 1900)

What Every Company/Business Needs To Do?

At the Start of Operation

1. Display in a conspicuous place the BIR Certificate of Registration (BIR Form 2303) and “Notice to the Public” orange signage in the place of business.
2. Issue registered invoices/receipts for sale of goods or services.
3. Register and maintain Books of Accounts in the business premises.
4. Withhold taxes on compensation of employees, and on payments subject to final and expanded withholding taxes, and remit the correct taxes withheld.
5. File the necessary returns and pay the corresponding correct taxes at the times required by law.



OTHER IMPORTANT MATTERS RELATED TO DOING BUSINESS?

A. LEASE OF PRIVATE LANDS

Foreign companies cannot own Philippine lands, however, they can enter to:

- ✓ Lease contract for the first 50 years, renewal only once for another 25 years;
- ✓ Lease area will be used solely for investment
- ✓ Lease contract shall conform with the related laws.
- ✓ Purchase condominium units and townhouses up to 40% of the total available in a single proprietary block.

B. EXCHANGE CONTROL

The Bangko Sentral ng Pilipinas (BSP) allows full and immediate repatriation of capital and remittance privileges of income by foreign investors subject to Anti-Money Laundering Act, provided that the said investment had been previously reported to BSP.

Foreign Exchange may be freely sold and purchased within and outside the banking system.

C. IMPORT AND EXPORT CONTROLS

The Philippines has been liberalizing its market through a progressive tariff reduction program and a shift to a tariff quota system as part of its commitments under the General Agreement on Tariffs and Trade (GATT) Uruguay Round.

The import duties on most products are now significantly lower than in the past, when the government's policy was oriented towards protectionist import substitution.

C. IMPORT AND EXPORT CONTROLS

Certain commodities are regulated or prohibited from being imported for reasons of public health and safety, national security, international commitments and development of local industry.

Regulated commodities must secure clearance from government agencies prior to their importation.

All commodity exporters may retain 100% of the foreign exchange proceeds from exports and may freely use these for any purpose.

D. LABOR RULES

Entry visas and work permits are required for foreign personnel hired on either a permanent or temporary basis.

Entry Visas - Foreign national may come to Philippines for reasons of business, pleasure, or health with a temporary visitor's visa for a period of 59 days, extendable to 6 months with prior approval of Bureau of Immigration or City Treasurer.

Executive Order No. 408 allows foreign nationals, except some restricted nationalities, to stay up to 21 days without a visa.

D. LABOR RULES

Work Permit - Foreign nationals seeking employment, whether residents or non-residents, must secure alien employment permit from the Department of Labor and Employment (DOLE) which shall be valid for 1 year and can be renewed annually.

Executives of ROHQ, RHQ and Offshore banking units, as well as treaty trader visa holder, are exempt from the requirement to obtain alien employment certificates.

D. LABOR RULES

Working Hours

Generally, 8 hours every Monday to Friday from 8am to 5pm. Other firms start from 9am to 6pm. Saturday work is required by some companies.

Exception to above are those in the call centers and manufacturing industries, where work is on per shift basis.

Compensation

Should be not be below the minimum wage promulgated by the Regional Tripartite Wage and Productivity Board (RTWPB).



END OF PRESENTATION

Q&A



Juancho S. Ong & Co., CPAs

An Affiliate of CAS International

2410 Herrera Tower

98 V.A. Rufino corner Valero Streets, Salcedo Village

Makati City, Philippines

Telephone No. +63(2)828-3977

Mobile No. 0918-6791681

Email juancho.ong@jsongcpa.com

Website: www.jsongcpa.com