Doing Business in the Philippines

by KPMG inthe Philippines

KPMG

# Doing Business in the Philippines

## 2019 Investment Guide by KPMG in the Philippines

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R.G. Manabat & Co.

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# FOREWORD

The new administration of President Rodrigo Duterte inherited a robust economy with good economic fundamentals. At the start of his term, President Duterte was quick to present his 10-point economic agenda with a focus on reducing government bureaucracy, improving infrastructure development and enhancing human capital investments, while undertaking a careful review of the current tax system and introducing a tax reform program. With these, most Filipinos have remained hopeful and positive about the country's economic growth.

In recent years, the country has grown into one of the strongest economies in Asia. The World Bank has identified the Philippine economy as one of the top growth performers in East Asia, driven by strong exports, robust domestic consumption, and infrastructure expenditures. Furthermore, according to the World Bank, the government's commitment to further increase public infrastructure investment is expected to sustain the country's growth momentum, thereby reinforcing business and consumer confidence.[1]

With domestic consumption on the rise and business confidence among the highest in emerging markets in the Southeast Asian region, the consumer markets sector is a positive growth story in the Philippines today. Nielsen's Q4 2017 Global Consumer Confidence report ranked the Philippines first in the world in terms of confidence level, in keeping with its fast economic growth and higher potential for further growth.[2]

These are very exciting times for the country as it moves to the next phase of its growth. We at KPMG in the Philippines are very optimistic that the effective implementation of the government's development plans and initiatives can create a more conducive business environment, foster inclusive economic growth and further enhance our country's competitiveness.

Sharon G. Dayoan
**Chairman and Chief Executive Officer**
KPMG in the Philippines
R.G. Manabat & Co.

# PHILIPPINES

## KEY COUNTRY FACTS

The Philippines is an archipelago of more than 7,000 islands, rich in natural resources such as copper and fruit. English language skills as well as the cultural ties from more than 10 million Filipinos living overseas, one of the world's largest diasporas, make the Philippines a popular choice for international businesses and investors.

The services sector provides the most number of employment, while manufacturing, trade, and real estate, renting and business activities were the main drivers of growth in 2017. [3]

### GOVERNMENT

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

### POPULATION[4]

**106.5** MILLION (2018)

### CURRENCY

Philippine Peso (PHP)

### LANGUAGES

Filipino (official), English

### RELIGIONS

Christianity, Islam

Source: Official Gazette (n.d.). Philippine Government, Worldometers (n.d.). Philippines Population, National government portal, Republic of the Philippines



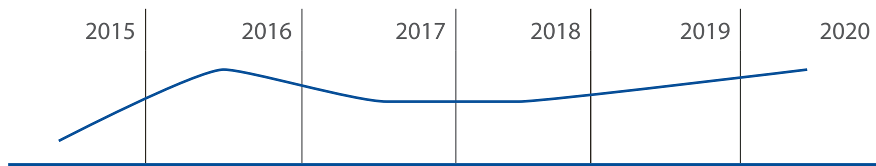
## CONSUMPTION-DRIVEN ECONOMY

The Philippines' sustained economic growth in the past five years is testament to the country's resilience amid challenges in the global economy. Most measures of the macroeconomy have shown considerable progress: from a pick-up in economic growth to lower unemployment. The country also maintains a stable economic outlook affirmed by Moody's investment-grade credit score of Baa2[5] and Standard & Poor's BBB Positive.[6]

The remarkable turnaround in the Philippines' economic fortunes in recent times has led to increased optimism by both local and foreign observers. Steady economic expansion, with GDP growth outpacing population growth, has led to rising household incomes. Better employment figures and steady inflow of remittances have supported sustained growth in household consumption. As a result, consumption spending has been the main driver of economic expansion.

### Economic Performance

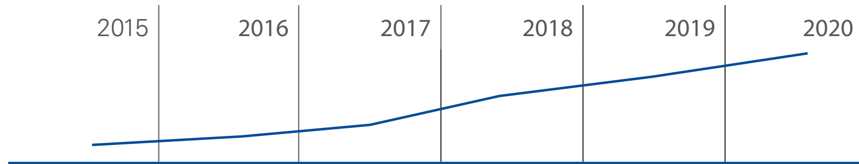
GDP constant prices



| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| % change | 6.1 | 6.9 | 6.7 | 6.7 | 6.8 | 6.9 |

Source: International Monetary Fund, World Economic Outlook Database

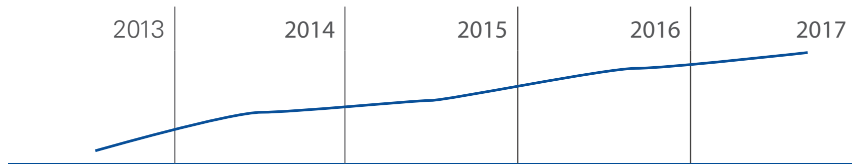
GDP per capita, current prices



| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| USD | 2,882.8 | 2,953.4 | 2,976.3 | 3,095.1 | 3,247.1 | 3,509.7 |

Source: International Monetary Fund, World Economic Outlook Database

Foreign direct invesment, net inflows (current)



| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| USD MILLION | 3,737.4 | 5,739.6 | 5,639.2 | 8,279.5 | 10,049.4 |

Source: International Monetary Fund, The World Bank

### Main FDI investors

| | |
|---|---|
| Japan | USD 634.7 mil |
| Taiwan | USD 214.9 mil |
| Singapore | USD 201.5 mil |
| Netherlands | USD 191.2 mil |
| USA | USD 173.4 mil |

Source: Philippine Statistics Authority. Foreign Investments: Fourth Quarter 2017

# EMERGING GLOBAL MARKET

The Philippines is one of the fastest-growing economies in the region. Located in the heart of Asia, it is accessible within a couple of hours from major capitals and serves as an important entry point to Southeast Asian countries. The Philippines also takes pride in its skilled and well-educated workforce. With its high literacy rate and mastery of the English language, the country continues to produce globally competitive professionals and has transformed into a predominantly service-based economy.[7] These, combined with a favorable regulatory environment and inclusive growth, are helping transform the country into an investment hub in the region.

The economy is experiencing nascent structural transformation as growth becomes increasingly driven by investment against a background of greater regional integration and economic liberalization.

## Political Stability

- The 10-point socioeconomic agenda of this administration highlights continuity in macroeconomic policies, push for tax reforms, relaxation of constitutional restrictions on foreign ownership and infrastructure spending, among others

## Regulatory environment

- The Department of Trade and Industry (DTI) has eased some trade restrictions and regulatory requirements to boost foreign direct investment
- Foreign investments have been liberalized through reforms which include updating Foreign Investment Negative List and reviewing corporate and personal tax rates[8]
- Currently reviewing proposed amendments to Foreign Investment Act including expansion of foreign ownership[9]
- The new administration has embarked on a series of comprehensive tax reforms with the goal of making the tax system simpler, fairer, and more efficient[10]
- The Ease of Doing Business and Efficient Government Service Delivery Act of 2018, amending the Anti-Red Tape Act of 2007, was signed into law to further promote transparency and efficiency in the business practices and government services[11]

## Diversified economy

- The new administration has promised sweeping changes, with a priority on:
  - Promoting the emergence of new growth centers beyond the primate city through public investments in infrastructure
  - Diversifying sources of growth, plugging gaps in infrastructure and increasing industrial production
  - Decongesting the capital city and spreading out economic activity across the nation as well as investing in the provinces
  - Managing metropolitan areas in an efficient and coordinated manner to produce better outcomes following the rapidly growing urban areas



## Opportunity for disruptive growth

- Widespread use of digital technology among individual consumers is an opportunity for businesses to improve their market presence
- Online shopping and e-commerce platforms are poised to overtake brick-and-mortar retailers
- Signs of a significant shift in consumer behavior arise with the increasing number of tech-savvy consumers

## Globally competitive workforce

- The country boasts a highly skilled and productive workforce with high English proficiency and a globally recognized education[12]
- The country's young, growing population provides a large talent pool
- The Philippines is one of the five best-educated ASEAN countries, according to the United Nations Development Programme (UNDP)[13]

## RANKINGS

| Index | Ranking+ |
|---|---|
| Ease of Doing Business | 113 |
| Corporate Governance Watch (Asia) | 10 |
| Intellectual Property Protection | 71 |
| Transparency of Government Policymaking | 81 |
| Corruption Perceptions Index | 111 |
| Global Competitiveness Index | 56 |
| Global Innovation Index | 73 |

+ All rankings are global unless otherwise indicated

Source: Doing Business 2018, The World Bank; CG Watch 2016, CLSA, Asian Corporate Governance Association; Corruption Perceptions Index 2017, Transparency International; Global Competitiveness Index 2017-2018, World Economic Forum; Global Innovation Index 2017, Cornell University, INSEAD and WIPO

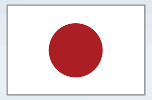
## TRADE AGREEMENTS

The Philippines has signed one bilateral and seven regional free trade areements (FTA).[14]

### Bilateral FTA

Agreement signed between the Philippines and a single trading partner

#### Philippines-Japan Economic Partnership Agreement[15]



- Covers tariffs elimination or reduction for 95% of industrial and agricultural products
- Provides bilateral economic assistance in ten fields within the context of Official Development Assistance

### Regional FTAs[16]

Agreements signed between the Philippines and a group of trading partners

#### Concluded / signed FTA[17]

- ASEAN - Hong Kong, China Free Trade Agreement

#### FTAs under negotiation

- Philippines-European Union Free Trade Agreement
- Regional Comprehensive Economic Partnership

## 1

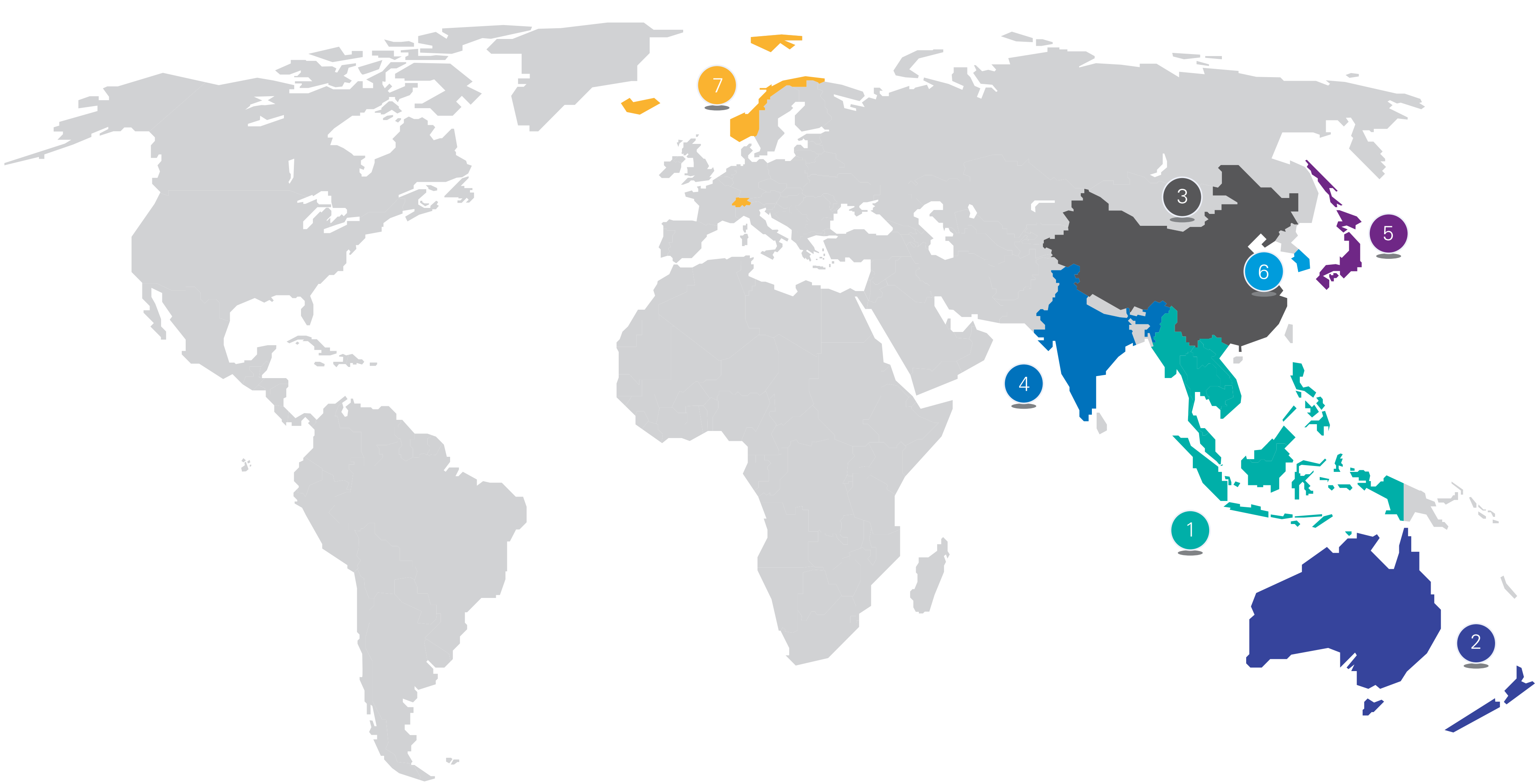
### ASEAN Free Trade Area

- Elimination of tariffs on more than 99% of products
- Allows for back-to-back shipment of goods between member countries
- Allows for third-party invoicing of goods
- Allows for ASEAN cumulation

## 2

### ASEAN-Australia-New Zealand Free Trade Agreement

- Elimination of tariffs on more than 90% of the products with the exception of exclusions
- Allows for back-to-back shipment of goods between member countries
- Allows for third-party invoicing of goods
- Allows for ASEAN cumulation




- ASEAN Free Trade Area
- ASEAN-Australia-New Zealand Free Trade Agreement
- ASEAN-People's Republic of China Comprehensive Economic Cooperation Agreement
- ASEAN-India Comprehensive
- ASEAN-Japan Comprehensive Economic Partnership Economic Cooperation Agreement
- ASEAN-Republic of Korea Comprehensive Economic Cooperation Agreement
- Philippines-European Free Trade Association (EFTA) Free Trade Agreement

## 3

### ASEAN-People's Republic of China Comprehensive Economic Cooperation Agreement

- Elimination of tariffs on at least 90% of the products
- Allows for back-to-back shipment of goods between member countries
- Allows for third-party invoicing of goods
- Allows for ASEAN cumulation

## 4

### ASEAN-India Comprehensive Economic Cooperation Agreement

- Elimination of tariffs on at least 80% of product lines with the exception of exclusions
- Allows for back-to-back shipment of goods between member countries
- Allows for third-party invoicing of goods
- Allows for ASEAN cumulation

## 5

### ASEAN-Japan Comprehensive Economic Partnership

- Elimination of tariffs on at least 90% of product lines with the exception of exclusions
- Allows for back-to-back shipment of goods between member countries
- Allows for third-party invoicing of goods
- Allows for ASEAN cumulation

## 6

### ASEAN-Republic of Korea Comprehensive Economic Cooperation Agreement

- Elimination of tariffs on at least 90% of product lines with the exception of exclusions
- Allows for back-to-back shipment of goods between member countries
- Allows for third-party invoicing of goods
- Allows for ASEAN cumulation

## 7

### Philippines-European Free Trade Association (EFTA) Free Trade Agreement[18]

- Covers trade in goods and services, investment, competition, protection of intellectual property rights, government procurement, and trade and sustainable development
- Elimination of all customs duties on industrial products by EFTA
- Gradual lowering and elimination of duties on the vast majority of such products by the Philippines

# A GROWTH STORY

The Philippine economy, as measured by its GDP, has performed remarkably well on a number of fronts. Despite external headwinds, bouts of fiscal underspending and natural calamities, the country has consistently grown in the past several years.

Domestic liquidity growth was driven largely by the Overseas Filipino Workers (OFW) phenomenon. Remittance inflows from OFW helped relieve unemployment, boost household incomes and spending, and stabilized the country's external finances.

On the demand side, remittances have long been a driver of consumption and the economy's growth. On the supply side, the services sector is supported by the information technology-business process outsourcing, finance, real estate and tourism industries. These, and the advantages brought by trends in demographics and urbanization, provide new stabilizers for the country's economy amid possible external shocks and global economic uncertainty.

In 2017 and the first half of 2018, increased investments in construction and durable equipment led to a growth of 9.4% and 16.4% in capital formation, respectively.[19] The current administration, through the Department of Budget and Management (DBM), has promised to bring the country to the "Golden Age of Philippine construction".[20] The agriculture and manufacturing industries are also showing promising outlooks. According to the Department of Agriculture, the government is closing the agriculture gap through increased support for agricultural research and development.[21]



# EMERGING INDUSTRIES

## Manufacturing

- Promising industries include aerospace, shipbuilding and automotive
- Competitive advantage of readily available skilled workers, areas to set up shipyards and liberalized imports of raw materials
- The Philippines, according to the DTI, is the fourth largest shipbuilder in the world after Korea, China and Japan

## Construction

- The new administration, through DBM, has promised a "Golden Age of Philippine construction"
- The government has placed a renewed focus on infrastructure development complemented by public-private partnerships and sustained expansion in residential and commercial developments

## Agriculture

- Increased government support for agricultural research and development
- Refocusing on agriculture and industry as well as generating new sources of growth through massive construction activity in the provinces

## Services - Business Process Outsourcing

- Healthcare outsourcing, finance and accounting, software development and legal outsourcing are the fastest growing sectors in the industry

# Setting Up Business in the Philippines

Recently, the Philippine Congress enacted an Ease of Doing Business and Efficient Government Service Delivery Act in an effort to streamline and improve the current systems and procedures of government services through reduction of processing time, cutting of bureaucratic red tape, and elimination of corrupt practices.

Some of the salient features of the law include the requirement to set up the Citizen's Charter among all concerned government agencies, the shortening of lead time for processing applications with such agencies, and the creation of policy-monitoring bodies, such as the Anti-Red Tape Unit in the Civil Service Commission, Anti-Red Tape Authority, and the Anti-Red Tape Advisory Council.

It is hoped that with the passage of the said law, those wishing to invest in the Philippines, will enjoy simplified requirements and expedited processing of their applications. As of this writing, the Department of Trade and Industry (DTI), which is tasked to issue the implementing rules and regulations (IRR) for the said law, is still in the process of drafting the IRR.

## Commonly Used Business Entities

In general, foreign investors operate their businesses in the Philippines through the following types of entities:

| | | | | |
|---|---|---|---|---|
| A subsidiary or domestic corporation | A branch office of a foreign company | A regional or area headquarters ("RHQ") | A regional operating headquarters ("ROHQ") | A representative office of a foreign country |

A new corporate entity in the Philippines is required to be registered with the Securities and Exchange Commission ("SEC").

## Procedure for Registration with the Securities and Exchange Commission ("SEC")

The SEC has recently adopted the Company Registration System ("CRS"), which is a fully-automated online pre-processing scheme for all corporate applications requiring SEC approval, wherein comments and feedback from the SEC will be communicated online.

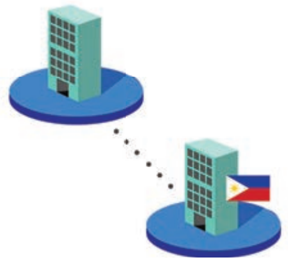
Upon approval of the draft documents for setting up, the documents may be finalized, executed and notarized. In the event that pre-incorporation documents are executed outside the Philippines, the same has to be notarized and consularized by the Philippine embassy in the place of execution. However, payment of filing fees will still be made manually with the SEC.

Currently, the SEC is going through a transition phase and the registration process takes about 10 to 12 weeks from the time of submission and approval of all required documents through the CRS.



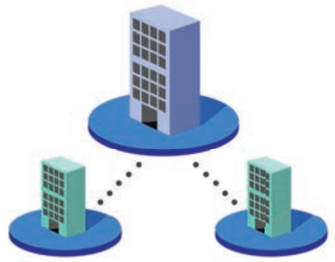
## Main Legal Formalities for Setting Up

Foreign investors who intend to enter the domestic market must take into consideration the applicable requirements and costs of setting up a Philippine corporate entity.



### 1. Subsidiary

Foreign investors may incorporate a separate Philippine legal entity through a subsidiary or domestic corporation. Current laws and regulations require at least 5 individuals to act as incorporators, majority of whom should be Philippine residents. In addition, a subsidiary is required to have at least 5 but not more than 15 directors, majority of which must be residents of the Philippines. In general, the minimum paid-up capitalization requirement for a domestic corporation with more than 40% foreign equity is USD200,000.00. However, depending on the proposed line of business of the investor, the SEC may impose a higher minimum capitalization requirement.



### 2. Branch Office

A branch office may be set up in the Philippines to carry out the business activities of the head office of a foreign corporation. For a branch office of a foreign corporation, in general, the minimum capitalization requirement is USD200,000.00. However, depending on the proposed line of business of the investor, the SEC may impose a higher minimum capitalization requirement. The branch is also required to appoint a resident agent. Such agent is not required to be a Filipino but is required to be a Philippine resident.

### 3. RHQ

An RHQ is a branch office of a multinational company engaged in international trade. The RHQ, which does not derive income in the Philippines, principally serves as a supervision, communications, and coordination center for its subsidiaries, branches, or affiliates in the Asia-Pacific Region and other foreign markets. For an RHQ, the minimum capitalization requirement is USD50,000.00.

### 4. ROHQ

An ROHQ is a special type of branch office of a multinational company allowed to derive income in the Philippines by performing qualifying services to its affiliates, subsidiaries or branches in the Philippines, Asia-Pacific region, and other foreign markets. For an ROHQ, the minimum paid-up capitalization requirement is USD200,000.00.

### 5. Representative Office

A representative office of a foreign corporation does not derive income from the Philippines, and it is limited mostly to non-income generating activities such as information dissemination, acting as a communication center, and promotion of the products of its parent company. For a representative office, the minimum paid-up capitalization requirement is USD30,000.00.

## PHILIPPINE FOREIGN INVESTMENTS ACT

The Foreign Investments Act of 1991, as a general rule, does not have restrictions on the extent of foreign ownership of export-oriented enterprises such as manufacturing entities or service exporters.

However, for domestic market enterprises, certain investment areas and/or activities are subject to foreign equity restrictions in the Philippines.

Under the Eleventh Foreign Investment Negative List (FINL), the following are some of the business activities that are subject to such limitations:

1. No foreign equity:
   - Mass media, except recording and internet business (i.e., internet access providers that merely serve as carriers for transmitting, rather than being creators, of message/information)
   - Practice of professions

2. Up to 25% foreign equity:
   - Private recruitment, whether for local or overseas employment;
   - Contracts for the construction of defense-related structures;

3. Up to 30% foreign equity:
   - Advertising

4. Up to 40% foreign equity:
   - Exploration, development and utilization of natural resources
   - Ownership of private lands
   - Operation of public utilities
   - Educational institutions other than those established by religious groups and mission boards
   - Contracts for the construction and repair of locally-funded public works, except:
     a) infrastructure/development projects; and
     b) projects that are foreign funded or assisted and required to undergo international competitive bidding
   - Ownership of condominium units
   - Domestic market enterprises with paid-in equity capital of less than the equivalent of USD200,000.00

Commonwealth Act No. 108, as amended, or the Anti-Dummy Law, seeks to penalize those who are found in violation of the foreign equity restrictions and evade the nationalization laws of the Philippines. The law prohibits the use of any proxy arrangements to accomplish transactions of foreign nationals that are otherwise not allowed under Philippine laws.



## Post-SEC Registration

In addition to registration with the SEC, all corporate entities are also required to register with the local government unit ("LGU") where the principal office will be located, Bureau of Internal Revenue ("BIR"), Social Security System ("SSS"), Philippine Health Insurance Corporation ("PhilHealth") and the Home Development Mutual Fund ("Pag-Ibig Fund").

Registration with the LGU is necessary in order for corporate entities to obtain the following:
a) Barangay Clearance; and,
b) Mayor's Permit/Business License.

After registration with the LGU, corporate entities have to register with the BIR in order to obtain the following:
a) Certificate of registration;
b) Registered manual books of accounts; and,
c) Authority to print (ATP) receipts.

Further, registration with the social security agencies such as the SSS, Philhealth, and Pag-Ibig Fund is necessary in order to comply with the applicable Philippine social security laws, which mandate all employers to be registered with said agencies and to remit the proper contributions for its respective employees.

## Registration with the Bangko Sentral ng Pilipinas (BSP) of the inward foreign investments for the enjoyment of the repatriation and remittance privileges.

Registration with the BSP to obtain a Bangko Sentral Registration Document (BSRD) is optional. In this connection, only foreign investments registered with the BSP are entitled to capital repatriation or dividend/profit remittances using foreign exchange sourced from the Philippine banking system.

# Permits

## Bureau of Internal Revenue (BIR)

Under existing tax regulations, the default method of keeping books is manual. This means that taxpayers are expected to record their accounting entries by hand in physical books of accounts. A taxpayer desiring to use computerized accounting records is required to obtain a permit from the BIR. The computerized accounting records may be maintained through loose leaf books or computerized accounting software.

*1. Application for permit to use loose leaf books and accounts/ invoices*

This method typically refers to keeping records in Microsoft Excel (MS Excel) file and printing out records at the end of the year for binding and submission to the BIR. The BIR does not require any format for the use of loose leaf books of accounts. Thus, the taxpayer may use any format provided the said format is submitted to the BIR for approval during the application process.

*2. Permit to use computerized accounting system*

Before the taxpayer can use an accounting software for its bookkeeping process, the taxpayer is required to file an application for permit to use computerized accounting system and obtain the necessary approval from the BIR.

## Bureau of Customs (BOC)

All goods imported into the Philippines are subject to duty and tax upon importation, including goods previously exported from the Philippines, except as otherwise provided for in the Customs Modernization and Tariff Act (CMTA) or in other laws.

Thus, for those whose business will require import/export activities, an importer clearance certificate (ICC) is necessary. The ICC will allow the holder to process the importation of articles directly instead of through a customs broker.



# Accounting and Reporting Requirements

## Requirements for Audited Financial Statements (AFS) for Purposes of the Bureau of Internal Revenue ("BIR") and of the SEC

Corporations, companies and individuals whose gross annual sales, earnings, receipts or output exceed PhP3,000,000 are required to have their books of accounts audited and examined yearly by an independent certified public accountant (CPA) and their income tax returns accompanied with a duly accomplished Account Information Form (AIF) 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.

Regulated entities, such as banks, insurance companies, public utilities and other corporations with specialized activities, are required to submit audited financial statements to their respective government regulatory agencies in addition to the SEC filing. Foreign companies doing business in the Philippines are also required to comply with this requirement.

## Reportorial Requirements of the SEC

**Domestic Stock Corporations**

| Description | Due Date |
|---|---|
| General Information Sheet | Within 30 calendar days from date of the annual stockholders and members meeting |
| Audited Financial Statements (AFS) Stamped "RECEIVED" by the BIR | Within 120 calendar days after the end of the fiscal year, as indicated in the Financial Statements |

**Branch Office and Representative Office of Foreign Corporations**

| Description | Due Date |
|---|---|
| General Information Sheet | Within 30 calendar days from date of the annual stockholders and members meeting |
| Audited Financial Statements (AFS) Stamped "RECEIVED" by the BIR | Within 120 calendar days after the end of the fiscal year, as indicated in the Financial Statements |
| Notification Update Form | Within 30 days from the occurrence of any changes in its principal address, accounting period, list of directors and officers, subsidiaries and affiliates and other notifications to the SEC. |

**Regional Operating Headquarters (ROHQs), Regional Headquarters (RHQs) of Multinational Companies**

| Description | Due Date |
|---|---|
| General Information Sheet | Within 30 calendar days from date of the annual stockholders and members meeting |
| Audited Financial Statements (AFS) Stamped "RECEIVED" by the BIR | Within 120 calendar days after the end of the fiscal year, as indicated in the Financial Statements |
| Notification Update Form | Within 30 days from the occurrence of any changes in its principal address, accounting period, list of directors and officers, subsidiaries and affiliates and other notifications to the SEC. |

## Reportorial Requirements of the Local Government Unit

Corporations organized and/or existing under Philippine laws are required to renew their business permits on or before January 20 of every year with the local government having jurisdiction over their places of business. Documentary requirements for the renewal of business permits may vary from one local government unit to another; thus it is essential to coordinate with the local government unit as to these documentary requirements.

## TIMTA

Corporations, Philippine branches of foreign corporations, or other entities incorporated and/or organized and existing under Philippine laws and registered with Investment Promotion Agencies (IPA) such as the BOI, PEZA and other special economic zones are required to file with the applicable IPAs the following:

| Description | Due Date |
|---|---|
| Annual Tax Incentives Report – Income-Based Tax Incentives | Within 30 calendar days from the statutory deadline for filing of the Final Adjustment Return for Income Tax and payment of tax due thereon, if any. |
| Annual Tax Incentives Report – Value-Added Tax (VAT), Excise Tax, and Duty-Based Incentives | Within 30 calendar days from the statutory deadline for filing of the Final Adjustment Return for Income Tax and payment of tax due thereon, if any. |

# Taxation of Philippine-Based Companies

## Income Taxes

### Tax Situs

Domestic corporations, or those created and organized under Philippine laws, are taxed on their income derived from within and outside the Philippines. On the other hand, resident foreign corporations, or those foreign corporations duly licensed by the SEC to do business in the Philippines, are taxed only on their income from within the Philippines.

### Tax Base and Rate

**Regular Corporate Income Tax (RCIT).** Generally, the corporate income tax rate of 30% is levied on the taxable income of domestic and foreign corporations. However, the said tax rate is currently the subject of pending amendatory legislation, whereby the corporate income tax rate is proposed to be reduced by 2% every two years starting 01 January 2021, until it reaches 20%.

**Taxable Income.** Taxable income refers to gross income items less the allowable deductions. Passive income such as interest, royalties, and dividends are excluded from the computation of taxable income. These passive income items are instead subject to final income tax.

**Allowable deductions.** There shall be allowed the following deductions from gross income, as applicable:

1. Ordinary and necessary trade, business or professional expense;
2. Interest;
3. Taxes;
4. Losses;
5. Bad debts;
6. Depreciation;
7. Depletion of oil and gas wells and mines;
8. Charitable and other contributions;
9. Research and development; and
10. Pension trusts



In lieu of the itemized deductions as enumerated above, Companies may elect may elect an optional standard deduction (OSD) in an amount not exceeding forty percent (40%) of their gross income.

**Minimum Corporate Income Tax (MCIT).** Domestic and resident foreign corporations are liable for 2% MCIT on its gross income, starting on the 4th year following the year in which such corporations commenced business operations, when such MCIT is greater than the tax computed under the RCIT regime. Any excess of the MCIT over the RCIT shall be carried forward and credited against the regular income tax for the three immediately succeeding taxable years.

**Special Tax for certain domestic and resident foreign corporations.** Certain domestic and resident foreign corporations, upon meeting a particular set of criteria, are subject to special income tax rates. Examples of such entities are proprietary educational institutions and hospitals, international air and shipping carriers, offshore banking units, regional or area headquarters, regional operating headquarters, and entities registered with the Philippine Economic Zone Authority (PEZA). However, there is pending amendatory legislation proposing the repeal or modification of the special tax rates abovementioned. Included in the entities affected are offshore banking units, regional operating headquarters, and entities registered with PEZA.

## Other relevant items

**Capital Gains Tax on Sale of Shares**

Net capital gains realized by domestic corporations on the sale of domestic shares not traded in the stock exchange are subject to a capital gains tax of 15%. On the other hand, net capital gains realized by resident foreign corporation on the sale of domestic shares not traded in the stock exchange are subject to a capital gains tax of 5% for net capital gains not over PhP100,000.00 and 10% on any amount in excess of PhP100,000.00. However, there is pending amendatory legislation proposing that resident foreign corporations will be taxed like domestic corporations, on its net capital gains realized on the sale of domestic shares at 15%.

**Withholding Tax System**

a. *Expanded Withholding Tax*
   Certain income payments made by a resident taxpayer to another resident taxpayer are subject to expanded withholding tax (EWT). The EWT withheld is creditable against the income tax liability of the income recipient.

b. *Withholding Tax on Compensation*
   Employers are required by Philippine tax authorities to withhold tax from individuals earning compensation income.

c. *Final Withholding Tax*
   Certain income payments made by a resident taxpayer to another resident or non-resident taxpayer are subject to Final Withholding Tax (FWT). The tax withheld is constituted as the full and final payment of the income tax due of the payee. Among the income payments subject to FWT include interest, dividends, royalties and profits.

d. *Improperly Accumulated Earnings Tax*
   10% tax is imposed when a corporation accumulates its earnings beyond its reasonable needs. However, this special tax is not applicable to publicly held corporations, banks and other non-bank financial intermediaries and insurance companies.

**Filing deadlines for income tax returns.** The returns relevant to the income taxes and respective filing deadlines are summarized below:

| BIR Form Name | Form No. | Deadline of Filing |
|---|---|---|
| Quarterly Income Tax Return | 1702-Q | On or before the 60th day following the close of each quarter of the taxable year |
| Annual Income Tax Return | 1702-RT, 1702-MX and 1702-EX, whichever is applicable | On or before the 15th day of the fourth month following the close of the corporation's taxable year |
| Monthly Remittance Form for Creditable Income Taxes Withheld (Expanded) | 0619-E | For Non-eFPS taxpayers: on or before the 10th day of the following month in which withholding was made<br>For eFPS taxpayers: on or before the 15th day of the following month, depending on the industry grouping |
| Monthly Remittance Form of Final Income Taxes Withheld | 0619-F | |
| Quarterly Remittance Return of Creditable Income Taxes Withheld (Expanded) | 1601-EQ | On or before the last day of the month following the close of the quarter during which the withholding was made |
| Quarterly Remittance Return of Final Income Tax Withheld | 1601-FQ | |
| Monthly Remittance Return of Income Taxes Withheld on Compensation | 1601-C | For Non-eFPS taxpayers: on or before the 10th day of the following month in which withholding was made<br>For eFPS taxpayers: on or before the 15th day of the following month, depending on the industry grouping |
| Annual Information Return of Creditable Income Taxes Withheld | 1604-E | On or before March 1 of every year |
| Annual Information Return of Income Taxes Withheld on Compensation | 1604-CF | On or before 31 January of every year |

**Foreign Tax Credits.** A domestic corporation is allowed to take a credit or deduction for foreign income taxes paid. Foreign tax credits are determined on a country-by-country basis. The amount of foreign tax credit is subject to conditions and limitations depending on the foreign country to which the taxes were paid.



# Other Taxes

## Value-Added Tax (VAT)

VAT is an indirect tax levied on the sale of goods and services, barter or exchange of goods or properties, as well as importation.

The VAT is imposed on the gross selling price or gross value in money of the goods or properties sold, bartered or exchanged, or the gross receipts derived from the sale or exchange of services, including lease of properties. In the case of importation, the tax is based on the total value used by the Bureau of Customs (BOC) in determining tariff and customs duties plus excise tax and other charges, provided that where the customs duties are determined on the basis of the quantity or volume of goods, the VAT shall be based on the landed cost plus excise taxes, if any.

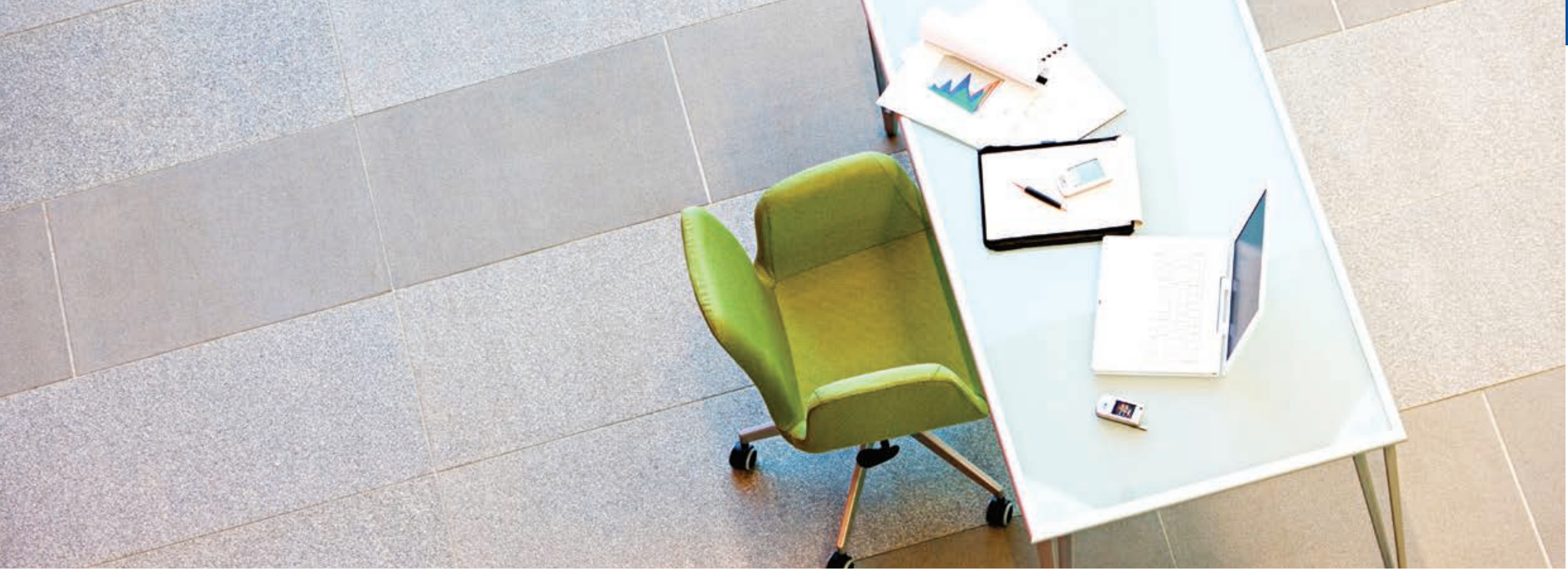
Since VAT is indirect, the relevant amount is shifted to the buyer, transferee, or lessee of goods, properties, or services. Although the burden of the payment of VAT is shifted to the purchaser, the liability for the payment and remittance of the same is upon the seller. A VAT payer is generally able to use the VAT on its purchases (Input VAT) as a credit to offset its VAT liabilities arising from the sale of goods or services (Output VAT).

VAT in the Philippines may either be at 12% or 0%. There are also transactions that are exempt from **VAT.**

**Zero-rated Transactions.** If a transaction is categorized as zero-rated for VAT purposes, the VAT registered taxpayer is entitled to a tax refund of input taxes paid on purchases related to the zero-rated transaction. These transactions are:

- Export Sales. However, upon satisfaction of the conditions set forth in the law, certain export sales will no longer be considered export sales subject to 0% VAT and shall be subject to 12% VAT.
- Sales to persons or entities whose exemption under special laws or international agreements to which the Philippines is a signatory effectively subjects such sales to zero rate.

**VAT-exempt transactions.** If a transaction is categorized as a VAT exempt transaction, the seller does not impose VAT on the sale. The seller is also not allowed to use VAT that it paid from the purchase related to the VAT-exempt transaction as a credit against its Output VAT. Neither is the seller able to claim a refund for the input VAT related to its VAT exempt sales. However, the input tax can be claimed as deduction as part of the cost of purchases.



## Excise Tax

Excise taxes are those imposed on certain goods manufactured or produced in the Philippines for domestic sale or consumption, or for any other disposition. Examples of such goods subject to excise taxes are tobacco products, automobiles, sweetened beverages, mineral products, and refined and manufactured mineral oils and fuels. These are also imposed on certain imported goods, and non-essential services performed in the Philippines, such as cosmetic procedures directed solely towards enhancing the appearance and do not meaningfully promote the proper function of the body, or prevent illness or disease.

## Documentary Stamp Tax (DST)

The DST is an excise tax levied on documents, instruments, loan agreements and papers, and upon acceptances, assignments, sales, and transfers of the obligation, right, or property incident thereto. DST is generally paid by the person making, signing, issuing, accepting or transferring the documents; however, whenever one party to the taxable document enjoys exemption from the tax, the other party thereto who is not exempt shall be the one directly liable for the tax.

## Local Taxes

Consistent with the principle of local autonomy, local government units (LGUs) have the power to create their own sources of revenue, and levy taxes, fees, and charges, which shall accrue exclusively to the local governments. Such power is subject to certain guidelines and limitations as provided by Congress. Taxes imposed must be uniform, equitable, and devoted to a public purpose. Moreover, the exercise of such taxing powers may not extend to the levy of certain taxes, such as income taxes, DST, customs duties, and excise taxes which are all national taxes imposed under the Tax Code.

## Real Property Tax (RPT)

Owners or administrators of land, as well as buildings and improvements erected thereon, are assessed a property tax by the local government unit of the place where the property is located. A percentage of the fair market value, based on the classification of the property, is used as a tax base. The rates vary depending on the locality and classification or use of the property being assessed. However, the total rates shall not exceed three percent of the assessed value of the real property.

## Customs Duties

Customs duties are levied on imported goods, generally in ad valorem form in accordance with their corresponding schedules and classification. Rate of duty classification can either be Most Favoured Nation (MFN) or ASEAN Trade in Goods Agreement (ATIGA).

Under the MFN Treatment, the rate of duty ranges from free/zero to 30% except in cases of sensitive agricultural products which are accorded a certain degree of protection via higher tariff rates reaching to as high as 65%. On the other hand, under the ATIGA, member states agreed to place 99% of all the products in their Inclusion List (IL) at zero-duty.



## Tax Administration

**Filing deadlines for other tax returns.** The returns relevant to other taxes and respective filing deadlines are summarized below:

| BIR Form Name | Form No. | Deadline of Filing |
|---|---|---|
| Monthly Value-Added Tax Declaration | BIR Form No. 2550-M | For Non-eFPS taxpayers: on or before the 20th day following the end of each month<br><br>For eFPS taxpayers: on or before the 25th day of the following month, depending on the industry grouping as set forth in RR No. 26-2002 |
| Quarterly Value-Added Tax Return | BIR Form No. 2550-Q | On or before the 25th day of the month following the close of the taxable quarter. |
| Excise Tax Return for Alcohol Products | BIR Form No. 2200A | On or before the 25th day after the close of the taxable month |
| Excise Tax Return for Automobiles and Non-Essential Goods | BIR Form No. 2200AN | |
| Excise Tax Return for Mineral Products | BIR Form No. 2200M | |
| Excise Tax for Petroleum Products | BIR Form No. 2200P | |
| Excise Tax Return for Sweetened Beverages | BIR Form No. 2200S | |
| Excise Tax Return for Tobacco Products | BIR Form No. 2200T | |
| Documentary Stamp Tax Declaration/Return | BIR Form No. 2000 | On or before the 10th day following the month when the taxable documents was signed, issued, accepted or transferred |
| Local Business Tax | Relevant forms provided by the Local Government units | On every 20th of January subject to extension depending on the Local Government Unit |
| Real Property Tax | Relevant forms provided by the Local Government units | On every 31st of January of every year |
| Customs Duties | Relevant forms provided by Customs | Prior to the release of the imported goods from customs custody |


MAX.G.W. 30.480 KGS 67.200 LBS
TARE 4.000 KGS 8.820 LBS
MAX.C.W. 26.480 KGS 58.380 LBS
CU.CAP. 76.4 CU.M. 2.700 CU.FT.

# International Tax

## General tax rate on income payments to non-residents

Non-resident foreign corporations are generally subject to 30% income tax on gross income sourced from within the Philippines. However, specific income may be exempt from Philippine income tax or subject to preferential tax rates pursuant to treaties that the Philippines has entered into.

Income paid to non-resident corporations are withheld at source.

## Application of Tax Treaty Relief

Generally, applying for tax treaty relief involves the prior application with the Philippine tax authorities for the availment of treaty benefits. However, if the income subject of the application is dividend, interest, or royalty income, the application of the treaty benefit is outright, upon submission by the non-resident to the withholding agent of a duly filled out Certificate of Residency for Tax Treaty Relief Form.

## Roster of Countries that the Philippines has treaties with

As of 2019, the Philippines has signed tax treaties with the following countries:

1. Australia
2. Austria
3. Bahrain
4. Bangladesh
5. Belgium
6. Brazil
7. Canada
8. China
9. Czech Republic
10. Denmark
11. Finland
12. France
13. Germany
14. Hungary
15. India
16. Indonesia
17. Israel
18. Italy
19. Japan
20. Korea
21. Kuwait
22. Malaysia
23. Mexico
24. Netherlands
25. New Zealand
26. Nigeria
27. Norway
28. Pakistan
29. Poland
30. Qatar
31. Romania
32. Russia
33. Singapore
34. Sri Lanka
35. Spain
36. Sweden
37. Switzerland
38. Thailand
39. Turkey
40. United Arab Emirates
41. United Kingdom
42. United States of America
43. Vietnam

# Transfer Pricing

Generally, the basis for transfer pricing rules arises from Section 50 of the Tax Code which provides that in the case of two or more organizations, trades or businesses (whether or not incorporated and whether or not organized in the Philippines) owned or controlled directly or indirectly by the same interests, the Commissioner of Internal Revenue is authorized to distribute, apportion or allocate gross income or deductions between or among such organization, trade or business, if he determines that such distribution is necessary in order to prevent evasion of taxes or clearly to reflect the income of any such organization, trade or business.

Prior to 2013, the Philippines did not have transfer pricing rules. However, even if the Philippines is not a member of the Organization for Economic Cooperation and Development (OECD), as a matter of policy, the Bureau of Internal Revenue (BIR) subscribes to the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, issued by the OECD.

On 23 January 2013, the Secretary of Finance issued Revenue Regulations (RR) No. 02-13 seeking to provide guidelines in applying the arm's length principle for cross-border and domestic transactions between associated enterprises and imposing requirements in relation to transfer pricing documentation and/or transfer pricing-related disclosures in the tax returns. These guidelines are nevertheless based on the arm's length methodologies set out under the OECD Transfer Pricing Guidelines.

Generally, the details of transfer pricing documents include, but are not limited to, the following:

- Organizational Structure
- Controlled Transactions
- Nature of the Business/Industry and Market Conditions
- Assumptions, Strategies, Policies
- Cost Contribution Arrangements (CCA)

- Comparability, functional and risk analysis
- Selection of the Transfer Pricing Method
- Application of the Transfer Pricing Method
- Background Documents
- Index to Documents



Under RR 02-13, the BIR does not require transfer pricing documents to be submitted when the tax returns are filed. However, such documents should be retained by the taxpayers and submitted to BIR when required or requested to do so. Further, to date, the BIR has yet to conduct transfer pricing audits.

In the same year, the OECD initiated an action plan under the Base Erosion and Profit Shifting (BEPS) project which plans to address issues arising from the use of old tax frameworks that do not match current practice of doing business across borders. This may have potential effects on Philippine-based companies that do business and invest or have outbound transactions in countries which have already adopted the Action Plan. Filipino companies with outbound transactions may be required to comply with the new Transfer Pricing Documentation and requirements in countries where they are doing business, and failure to comply may result in significant penalties.

Moreover, the Philippine President had the second package – House Bill (HB) 7214 – filed with the lower house of Congress early in 2018. HB 7214 recognizes that the Philippines' tax laws are outdated and lack adequate provisions to address transfer pricing and other tax avoidance practices that have led to an erosion in revenues.

Nevertheless, the BIR has not indicated if it will push for the adoption of the BEPS initiatives of the OECD on the preparation and submission of the master file, Country-by-Country Report, and local file.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# Foreign Exchange Control

## Matters relating to the management of foreign exchange are carried out by the Bangko Sentral ng Pilipinas (BSP)

The registration of foreign investments with the BSP or with investor's designated custodian bank on behalf of the BSP is optional. Registration is required only if the foreign exchange needed to fund the repatriation of capital and the remittance of earnings thereon will be purchased from authorized agent banks (AABs) or their subsidiaries/affiliate foreign exchange corporations in the Philippines.

The BSP has also other requirements for the purchase from the local banking system of foreign currency needed for trade and non-trade payables. The same is true where the local entity will require such foreign currency for outbound investments or loans.



# Tax Incentives

To promote and encourage investment in desirable areas of activities, the Philippines offers tax incentives to businesses engaged in certain preferred areas of activities. These preferred areas of activities are usually enumerated in an investments priorities plan (IPP) prepared annually by the Philippine Board of Investments, subject to the approval of the President.

Businesses that are looking to avail of such incentives may look to a number of investment promotions agencies, such as the Board of Investments, Philippine Economic Zone Authority, Cagayan Economic Zone Authority, and Subic Bay Metropolitan Authority, for the lodging of applications. Depending on the proposed activity and subject to meeting the requirements as may be prescribed by the relevant agency, the eligibility of the applicant to avail of certain incentives will be determined by the board of the relevant agency upon which the application is lodged.

Among the incentives usually granted to the eligible applicants are income tax holidays of 4 to 6 years, preferential tax rates of 5% on gross income, tax and duty free importation of capital equipment, spare parts, and supplies, tax credit for taxes and duties on raw materials, and exemption from wharfage dues, export taxes, duties and fees.

However, there is pending amendatory legislation proposing the repeal, modification, or rationalization of the incentives abovementioned. Some of these incentives may see sunset provisions, while others may be limited or altogether removed.

# Taxation of Individuals

## TAXPAYER CLASSIFICATION BY RESIDENCY

A resident citizen of the Philippines is taxed on his worldwide income. A non-resident citizen and a citizen who is classified as overseas contract worker, including seamen, are taxed only on income from sources within the Philippines.

Foreign nationals can either be classified as resident alien, non-resident alien engaged in trade or business (NRAETB) or non-resident alien not engaged in trade or business (NRANETB) and are all taxed on income from sources within the Philippines.

For employment income, the source of income is the place where the services are rendered, regardless of the place or manner of payment, the place where contract was negotiated, or the payor's place of residence.

## TAX RATES

Philippine citizens, resident aliens and NRAETBs are generally taxed on their net taxable income at graduated income tax rates of 0% to 35%.

The graduated income tax table for January 01, 2018 to December 31, 2022 is as follows:

| Taxable Income Bracket | | Total Tax on Income Below Bracket | Tax Rate on Income in Bracket |
|---|---|---|---|
| From PHP | To PHP | PHP | Percent |
| 0 | 250,000 | 0 | 0 |
| 250,001 | 400,000 | 0 | 20 |
| 400,001 | 800,000 | 30,000 | 25 |
| 800,001 | 2,000,000 | 130,000 | 30 |
| 2,000,001 | 8,000,000 | 490,000 | 32 |
| 8,000,001 | Over | 2,410,000 | 35 |

NRANETBs are taxed on their gross income at a flat rate of 25%



### General deductions from income

Net taxable income is determined by deducting the allowable deductions from gross income. For individual taxpayers who earn compensation income, they are entitled to a PHP 90,000 exclusion on their 13th month pay and other benefits.

### Tax Administration

Individual income taxpayers are required to secure a unique Tax Identification Number (TIN) issued by the tax authority which is a required information to be indicated in the tax forms.

Income taxpayers are required to file their annual income tax return on or before 15th of April in the year following the tax year ending 31 December.

### Social Security Agreements

The Philippines has social security agreements with Austria, Belgium, Canada, Denmark, France, Germany, Japan, Netherlands, Portugal, Quebec, Spain, Switzerland, and United Kingdom and Northern Ireland.

### Immigration

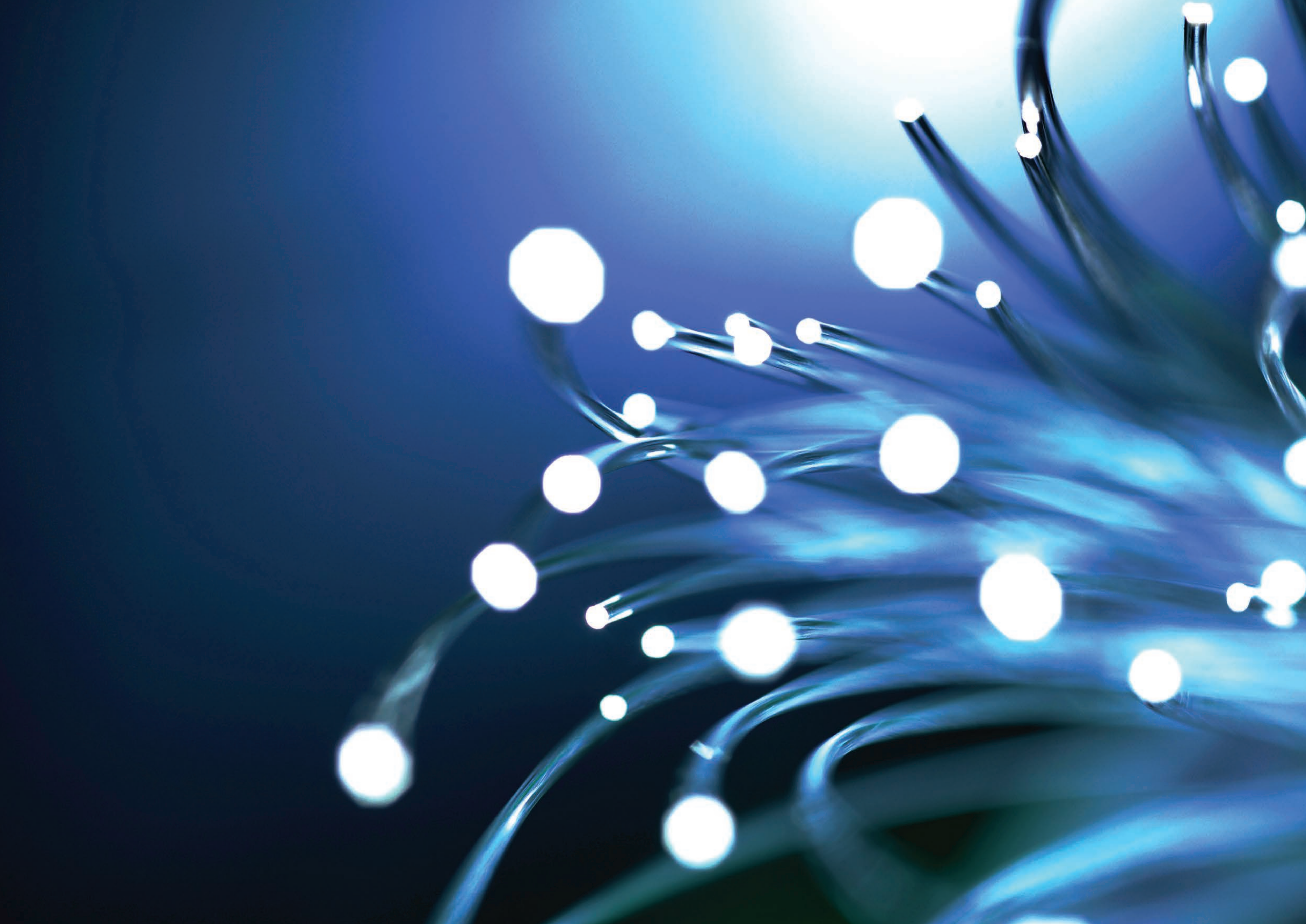
Business travellers who are classified as non-restricted nationals generally have a 30-day visa free entry privilege to the Philippines and an additional 29-day visa-free stay where a visa waiver is applied for. These individuals are allowed to attend business meetings and seminars, make site visits to client facilities or explore business opportunities in the Philippines. On the other hand, business travellers who are classified as restricted nationals are required to secure their entry visas in their country of origin.

A visa and a work permit must be applied for when an individual enters the Philippines to engage into a professional undertaking, commercial operation or gainful employment. The type of visa required will depend on the registration of the company that the individual will be working for.

### Other individual tax

Fringe benefits granted to supervisory and managerial employees are subject to 25% or 35% final tax on the grossed-up monetary value of the fringe benefit depending on the residency of the recipient.

Passive income such as royalties, interest, dividends are subject to corresponding applicable final tax rates.



# Tax Intelligence Solution

Managing Philippine tax reporting and compliance obligations can be a daunting task for existing organizations in the Philippines and more so for potential investors who may not have a good picture of the Philippine tax environment.

Normally, companies would depend on technology support from their existing Enterprise Resource Planning (ERP) systems in order to get some level of comfort that they are reporting their transactions for tax purposes in a complete and accurate manner. To add to that, a large part of the validation and tax analyses in the tax compliance and reporting processes are done manually which inherently poses a risk of inconsistency in the processing of information and/or reliance on inaccurate computation which may eventually result in the overpayment of taxes, or worse the payment of deficiency taxes and fines.

In organizations with vast amount of data, tax professionals may struggle to spot issues and areas for improvement based on actual data. As we see a global trend where tax authorities are aggressively pushing to get more transparency from taxpayers by putting rules and regulations to gain access to taxpayers' transactional documents and electronic information and requiring real time reporting of transactions, it does become imperative for organizations to understand and comply with the said requirements while remaining cost-effective. In fact, the proposed amendments to the Philippine Tax Code states that the cost of putting in place a Value Added Tax (VAT)-registered taxpayer's capability to issue electronic invoices or receipts or more broadly the VAT-registered taxpayer's cost of adapting infrastructure to allow an electronic VAT system shall be shouldered by such taxpayer.

Organizations must prepare for a new era in tax and it all starts with data and analytics.

Using data analytics tools, organizations now have the opportunitiy to transform tax data into insight. Imagine gaining certainty on invoices, returns and declarations, finding overpaid or under-claimed tax, and revealing buried business opportunities:

- Insight into the supply chain based on actual transactions
- Clear insights on the realized margins per business unit, entity, country, product group or even product (stock keeping unit or SKU)
- Find non-tax opportunities, like double paid invoices

By accessing relevant tax data in a user-friendly way, you can be fully in control of your tax processes, identifying risks and leveraging opportunities. Stop struggling with your data. Start winning with it.



# How can KPMG help?

KPMG's Tax Intelligence Solution (TIS) is an integrated suite of indirect tax technology analytical tools, methodologies and insights that allow organizations to gain quantitative insights and visibility into the status of compliance, process efficiencies and opportunities – driving real financial value for the tax department and the wider business.

The solution is built on the certified Microsoft Azure cloud platform and leverages other critical technologies such as machine learning and predictive capabilities, for scalable, real-time data analysis, visualization and insights.

Experienced tax analytics advisors in our member firms, combined with the powerful data and analytics methodology of TIS, can help you transform your tax data into insights. From uncovering risks in tax compliance to unlocking opportunities in transactional data, member firm professionals can help clients achieve global compliance, monitor accuracy, enhance working capital, and create new enterprise value for the tax organization.

## TIS provides:

- Standardized tools to extract and analyze tax-relevant data from major ERP systems, allowing risk and opportunity identification and areas for process improvement
- The ability to 'enrich' finance and tax data with other key information, including: tax authorization data, customs and logistics data, and ERP master data
- Data visualization and reporting tools to allow easy manipulation and refinement of outputs

TIS' comprehensive suite of data and analytics tools provide insight in Indirect Tax, Transfer Pricing, and Trade & Customs. TIS can help increase tax process efficiencies by identifying taxes that have been incorrectly expensed and detecting tax determination errors earlier, helping reduce the risk of penalties and the time spent settling tax audits and queries.

TIS puts your tax professionals proactively in control over the tax process, which can enhance working capital, and ultimately help your organization avoid financial, reputational, strategic, and operational risks.

## Practical uses of TIS

Clients have limited insight into actual tax risks and want to be prepared for tax audits or queries by the tax authorities.

Get insight into the quality of the underlying transactional data which feeds into tax compliance process/ tooling.

- Identify quality and efficiency of tax controls (IT, process, people).
- Find VAT recovery opportunities, VAT not being claimed where it could have been claimed.
- Monitor quality of tax processes after recent tax legislation change or business (structure) change.
- Embed tax data & analytics checks in (monthly) tax compliance process.

# Endnotes

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# Directory of Government Agencies

**Bangko Sentral ng Pilipinas**
A. Mabini St. cor P. Ocampo St., Malate, Manila
Tel. No.: +63 2 708 7701
Website: bsp.gov.ph

**Bureau of Internal Revenue**
BIR National Office Bldg., BIR Road, Diliman, Quezon City
Tel. No: +63 2 981 7000 / +63 2 929 7676
Website: bir.gov.ph

**Commission on Elections**
Palacio del Gobernador General Luna St., Intramuros, Manila
Tel. No.: +63 2 525 9296
Website: comelec.gov.ph

**Commission on Higher Education**
Higher Education Development Center Building C.P. Garcia Ave., UP Campus, Diliman, Quezon City
Tel. No.: +63 2 441 1260
Website: ched.ph

**Department of Education**
DepEd Complex, Meralco Ave., Pasig City, Metro Manila
Tel. No.: +63 2 636 1663
Website: deped.gov.ph

**Department of Finance**
DOF Building, BSP Complex Roxas Blvd., Metro Manila
Tel. No.: +63 2 525 0244
Website: dof.gov.ph

**Department of Health**
San Lazaro Compound, Tayuman Sta. Cruz, Manila
Tel. No.: +63 2 651 7800
Website: doh.gov.ph

**Department of Information and Communications Technology**
C.P. Garcia Ave., Diliman, Quezon City
Tel. No.: +63 2 920 0101
Website: dict.gov.ph

**Department of Justice**
Padre Faura St., Ermita, Manila
Tel. No.: +63 2 523 8481
Website: doj.gov.ph

**Department of Labor and Employment**
DOLE Building, Muralla Wing co. General Luna St., Intramuros, Manila
Tel. No.: +63 2 1349
Website: doj.gov.ph

**Department of Science and Technology**
DOST Building,Gen. Santos Avenue Bicutan, Taguig City
Tel. No.: +63 2 837 2071 to 82/ +63 2 837 2937
Website: dost.gov.ph

**Department of Trade and Industry**
361 Trade and Industry Building, Sen. Gil J. Puyat Ave., Makati City
Tel. No.: +63 2 721 0384
Website: dti.gov.ph

**Department of Transportation**
The Columbia Tower, Brgy. Wack-wack, Ortigas Ave., Mandaluyong City
Tel. No.: +63 2 790 8300 / +63 2 790 8400
Website: dotr.gov.ph

**National Economic and Development Authority**
12 St., Josemaria Escriva Drive, Ortigas Center, Pasig City
Tel. No.: +63 2 631 0945 to 56
Website: neda.gov.ph

**National Privacy Commission**
5th Floor, Delegation Building, PICC Complex, Roxas Boulevard, Metro Manila
Tel. No.: +63 2 510 7836
Website: privacy.gov.ph

**National Telecommunications Commission - National Capital Region**
BIR Road, East Triangle, Diliman, Quezon City, Metro Manila
Tel. No.: +63 2 924 4010
Website: ncr.ntc.gov.ph

**Philippine Economic Zone Authority**
Bldg. 5, DOE- PNOC Complez, Energy Center, Rizal Drive, Bonifacio Global, Taguig City
Tel. No.: +63 2 551 3451 loc 612/ +63 2 551 3455 / +63 2 551 3432 / +63 2 f891 6380
Website: peza.gov.ph

**Securities and Exchange Commission**
Secretariat Building, PICC Complex Roxas Boulevard, Metro Manila
Tel. No.: +63 2 818 0923
Website: sec.gov.ph

**Technical Education and Skills Development Authority**
E Service Rd, Taguig, Metro Manila
Tel. No.: +63 2 887 7777
Website: tesda.gov.ph

# Directory of Partners & Principals

KPMG
R.G. Manabat & Co.

**Sharon G. Dayoan**
Chairman and Chief Executive Officer
sdayoan@kpmg.com

**Emmanuel P. Bonoan**
Vice Chairman and Chief Operating Officer
ebonoan@kpmg.com

## AUDIT

Warren R. Angeles
wrangeles@kpmg.com

Emerald Anne C. Bagnes
ebagnes@kpmg.com

Noel A. Baladiang
nbaladiang@kpmg.com

Enrico E. Baluyut
ebaluyut@kpmg.com

Alicia S.Columbres
acolumbres@kpmg.com

Dindo Marco M. Dioso
ddioso@kpmg.com

Rohanie C. Galicia
rcabug@kpmg.com

Tireso Randy F. Lapidez
tlapidez@kpmg.com

Vanessa P. Macamos
vpmacamos@kpmg.com

Ador C. Mejia
acmejia@kpmg.com

John Molina
johnmolina@kpmg.com

Aline A. Novilla
anovilla@kpmg.com

Wilfredo Z. Palad
wpalad@kpmg.com

Gregorio I. Sambrano, Jr.
gsambranojr@kpmg.com

Darwin P. Virocel
dvirocel@kpmg.com

Maria Arleene C. Yu
mcatapang@kpmg.com

Vernilo G. Yu
vyu@kpmg.com

## TAX

Ryan E. Cabello
rcabello@kpmg.com

Maria Myla S. Maralit
mmaralit@kpmg.com

Maria Carmela M. Peralta
mperalta@kpmg.com

Mary Karen E. Quizon-Sakkam
mquizon@kpmg.com

Leandro Ben M. Robediso
lrobediso@kpmg.com

Kathleen L. Saga
ksaga@kpmg.com

Manuel P. Salvador III
msalvadoriii@kpmg.com

Maria Georgina J. Soberano
gjsoberano@kpmg.com

Karen Jane S. Vergara-Manese
kvergara@kpmg.com

## ADVISORY

Carmel Lynne M. Balde
cbalde@kpmg.com

Imelda H. Corros
icorros@kpmg.com

Jerome Andrew H. Garcia
jhgarcia@kpmg.com

Michael Arcatomy H. Guarin
mguarin@kpmg.com

Ma. Cynthia C. Hernandez
mchernandez@kpmg.com

Jallain Marcel S. Manrique
jsmanrique@kpmg.com

Jeffree Mae M. Tapia
jmtapia@kpmg.com

## JAPANESE PRACTICE

Emmanuel P. Bonoan
Head of Japanese Practice
ebonoan@kpmg.com

Haruyuki Yamamoto
Director for Japanese Practice
hyamamoto3@kpmg.com

## DEPARTMENT OF PROFESSIONAL PRACTICE

Ma. Gracia C. Diaz
mcdiaz1@kpmg.com

KPMG R.G. Manabat & Co. is recognized as a Tier 1 Tax Practice, Tier 1 Transfer Pricing Practice and Tier 1 Tax Transactional firm in the Philippines by the International Tax Review.

**Manila - Head Office**
9/F KPMG Center, 6787 Ayala Ave., Makati City 1226, Metro Manila
Telephone: +62 (2) 885 7000 | Fax: +63 (2) 894 1985 | Email: ph-inquiry@kpmg.com

**Cebu Office**
Unit 1&2, F, MDCT Building, Lot 9 Block 20, Leyte Loop, Cebu Business Park,Cebu CIty 6000
Telephone: +62 (32) 233 9325 | Fax: +63 (32) 233 9342 | Direct Line: +63 (32) 233 9327

**Iloilo Office**
3/F, ATM Business Center, Cor., Jalandoni - Ledesma Sts., Iloilo City 5000
Telephone: +62 (33) 338 0849 | Fax: +63 (33) 509 5358

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We lead with a commitment to quality and consistency across our global network, bringing a passion for client success and a purpose to serve and improve the communities in which member firms operate. In a world where rapid change and unprecedented disruption are the new normal, we inspire confidence and empower change in all we do.

# Doing Business in the Philippines

2019 Investment Guide
by KPMG in the Philippines


Sharon G. Dayoan
Emmanuel P. Bonoan
Maria Carmela M. Peralta
Jerome Andrew H. Garcia
Kathleen L. Saga
Leandro Ben M. Robediso
Sharmaine F. Sy
Ana Margarita A. Mortel
Carlo John R. Pascual
Vichellene L. Gandecila
Rolan L. Bentulan
Erick O. Miranda
Arik Aaron C. Abu
Mary Rose P. De Leon
Mary Armi G. Milanes
Pamela Kaye L. Tandoc
***Writers***

Emmanuel P. Bonoan
***Editor-in-Chief***

Mariel D. Javier
Nikki P. Gordoncillo
***Editorial Coordinators***

Mary Catherine M. Supnet
***Layout Artist***