2023 Doing Business in the Philippines Guide

Gearing Towards a BETter Philippines

Where your Investments Flourish

UHY M. L. Aguirre & Co., CPAs

CONTENTS

Timely Business Advice

FOREWORD

Investing in the Philippines can be a lucrative venture. With its increasing population and strong economic growth, the country offers an attractive business environment for foreign investors. The Philippines has an established legal and regulatory framework that promotes foreign investments, making it a desirable destination for international businesses.

The Philippines has a large population with a median age of 24.7, making it one of the youngest countries in the world. This large and young population creates a very promising market for foreign investors. With over 100 million people, the Philippines is the 12th largest country in the world in terms of population. The country has a very young population and the labour force is highly educated and skilled. The economy is growing rapidly, with GDP growth estimated to be above 6.5% in 2021. The government has made several reforms to improve the business environment and attract foreign investments. These include the easing of foreign ownership restrictions, reforms to the taxation system, and the promotion of a level playing field for foreign investors.

The Philippines is also an attractive destination for foreign investors due to its geographic location. It is close to many other Asian countries, providing easy access to other markets. The country also has access to a variety of resources including a wide range of raw materials and a skilled labour force.

The Philippines has a strong legal and regulatory framework that promotes foreign investments. The government has made several reforms to improve the business environment and attract foreign investments. The country also has a number of free trade agreements with other countries and has been included in the US-led Trans-Pacific Partnership.

In recent years, China has increased its investments in the Philippines. Investments from China are mainly in infrastructure, telecommunications, and energy. Other areas of investment include manufacturing, tourism, and real estate. The Philippine government has welcomed Chinese investment, and has made efforts to attract more Chinese companies to invest in the country.

Overall, the Philippines is an attractive investment destination for foreign investors. With its large and young population, strong economic growth, and established legal and regulatory framework, the country has a lot to offer foreign investors. With the right strategies and investments, investors can take advantage of the growing opportunities in the Philippines.

2023 is a great year to expand businesses in the Philippines!

Jack Jiang
Yingke Philippines Inc.

PREFACE

The Philippines is prominent worldwide for its ease of doing business.

Our work at UHY M.L. Aguirre & Co. CPA and Babylon2K remain instrumental in realizing better business opportunities for both our local and international counterparts. Innovating a trailblazing platform that revolutionizes how companies operate in the country allows us to develop and provide more efficient accounting services for a good percentage of the nearly one million registered businesses nationwide.

True to our mutual pursuits, we are committed to supporting entrepreneurs and professionals through a team of specialists from all over the country that guarantee a streamlined and cost-efficient delivery of decentralized services via remote and digital means.

Our next goal– is to expand to Southeast Asia.

Babylon2K's mission is to provide a reliable and economic one-stop shop for entrepreneurs, business owners, professionals, and accountants everywhere. As we promote the brand of 'ease of doing business' that has made us a game changer in the industry, we pave the way to more equal opportunities and taxpayer empowerment. Our milestones eventually lure more foreign companies to invest in the country, prompting us to bring our brand of reliable accounting and tax expertise overseas.

Vital factors for the firm’s growth have swiftly fallen into place. Our assistance in implementing the Ease of Doing Business (EODB) law by streamlining and automating our clients' accounting and compliance processes has helped countless businesses access and utilize government services more efficiently. We have designed our breakthrough platform to bridge the gap between available online accounting services and the needs of companies at any scale. And by introducing such decentralized innovation in the digital space, we ensure stress-free tax compliance, accounting, auditing, outsourcing, and reporting for businesses.

But our efforts go beyond the digital sphere. We understand the importance of government compliance for the benefit of people and the planet. In line with this, we continue to ensure that our clients comply with the Securities and Exchange Commission's requirement for an Environmental, Social, and Governance (ESG) report to help communities and stakeholders develop sustainable solutions concerning safety and health issues, pollution, and philanthropy.

Our vision remains simple– to become the home of one million global accountants by 2030. However, what we have achieved through the years shows us a more promising future. For this, we shall further address imbalances and inequalities in the tax, audit, and accounting arena while promoting more potential growth for businesses, investors, the country, and the planet.

As we continue to work with international networks to grow a new digital ecosystem, we are poised to make more significant strides in building win-win opportunities for everyone. Thanks to a more positive outlook on the country's employment growth, policies, and more robust cross-border transactions, we are confident that we can realize better economic progress both in the Philippines and from across the pond this year.

Cheers to a brighter Philippines in 2023!

Michael L. Aguirre, CPA, MBA, MST
Managing Partner
UHY M. L. Aguirre & Co., CPAs

1 INTRODUCTION

UHY is an international organisation providing accountancy, business management, and consultancy services through financial business centers in around 100 countries worldwide. Business partners work together through the network to conduct transnational operations for clients and offer specialist knowledge and experience within their own national borders. Global specialists in various industries and market sectors are also available for consultation. The office of UHY representatives has provided this detailed report providing key issues and information for investors considering business operations in the Philippines:

UHY M.L. AGUIRRE & CO., CPAs
Unit 1806 Cityland Pasong Tamo Tower,
2210 Chino Roces Ave., Makati City, Philippines
Phone +632 892 2568 / +632 861 5455 Website www.mlaguirre.org
Email ask@mlaguirre.org

You are welcome to contact Mr. Michael L. Aguirre and Mr. Eliseo A. Aurellado (ask@mlaguirre.org) for any inquiries.

Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions.

This publication is current as of January 2023.

We look forward to helping you do business in the Philippines.

2 THE PHILIPPINES

Employment

The Philippines is projected to see positive employment growth in the next several years, with the government forecasting a steady increase in the number of jobs available to citizens. By 2023, it is estimated that the Philippines will have an unemployment rate of just 4.2%, which is significantly lower than the global unemployment rate of 5.4%.

One of the main drivers of this growth is the government's commitment to creating a business-friendly environment. The government has implemented various policies designed to reduce bureaucratic red tape and encourage foreign investment. A range of tax breaks and incentives, which have helped to fuel the growth of small and medium-sized businesses, accompany these policies.

Foreign Exchange Rates

The Philippines is expected to experience a volatile exchange rate in the coming years due to several factors, including the global economy, domestic economic policy, and other external forces.

The global economy is likely to remain uncertain in the coming years. This means that the exchange rate of the Philippine peso, which is currently pegged to the US dollar, could be subject to significant fluctuations. This is because the US dollar is the world's reserve currency and is often used as a benchmark for other currencies, including the Philippine peso.

Furthermore, the US Federal Reserve could adjust its monetary policy, which could result in changes in the exchange rate of the Philippine peso.

Domestic economic policy is also expected to have an impact on the exchange rate of the Philippine peso. For example, the Philippine government could decide to implement measures to stimulate the economy, such as cutting taxes or increasing spending. These measures could lead to an appreciation of the peso, as more money would be available for domestic consumption. On the other hand, if the government decides to tighten monetary policy or increase taxes, this could result in a depreciation of the peso.

2 THE PHILIPPINES

Exports

The Philippines is a rapidly developing country, and its economy is expected to grow significantly in the next few years. With the economy's growth comes an increase in the Philippines' international trade. This is expected to be particularly evident in the exportation and importation of goods and services. In 2023, the Philippines is projected to have a highly diversified and vibrant international trade sector.

In terms of exportation, the Philippines will likely be exporting a wide variety of products and services. The most important exports are likely to include electronics, agricultural products, automotive products, and textiles. This diversification of exports will help the Philippines to capitalize on its diverse natural resources and tap into its large population's potential. Other vital exports will likely include precious metals and minerals, medical supplies and equipment, and processed food products.

In terms of importation, the Philippines is expected to be importing a wide variety of goods and services from all over the world. The most essential imports will likely include industrial machinery, chemicals and petrochemicals, medical supplies and equipment, and agricultural products. These imports will be essential for the manufacturing and production of goods and services required for the Philippine economy's growth. Other essential imports are likely to include consumer goods, such as clothing, furniture, appliances, and electronics.

3 ECONOMIC OVERVIEW

The Philippine Statistics Authority (PSA) released its third (3rd) quarter report on the country's GDP which posted a growth of 7.6 percent.

The major contributors to the growth were wholesale and retail, repair of motor vehicles and motorcycles, financial and insurance, and construction.

On the other hand, the demand has grown majorly because of Household Final Consumption Expenditure (HCFE), Government Final Consumption Expenditure (GFCE), gross capital formation (GCF), export of goods and services, and imports of goods and services.

Domestic borrowings were 68.8% (9.3T) of the total debt while external borrowings were 31.2% (1.79T).

Particulars	Amount in USD/Date/%age	Ave. BSP Exchange Rate	Amount in PHP
Nominal GDP	USD 93 Billion in September 2022	54.0397	5.025T
GDP Deflator	+ 5.8% in September 2022		
Real GDP	378,957,382,755 USD in December 2021	49.2546	18.665T
GDP per Capita	3,576.1 USD in December 2021	49.2546	176,139.38
Gross Savings Rate	6.2% in September 2022		
Nominal GDP contributions	Investment accounted for 25.7 % in Sep 2022		
Outstanding Debt	Increase of 3.9% in the month of September		13.52T (increased 495.54B)

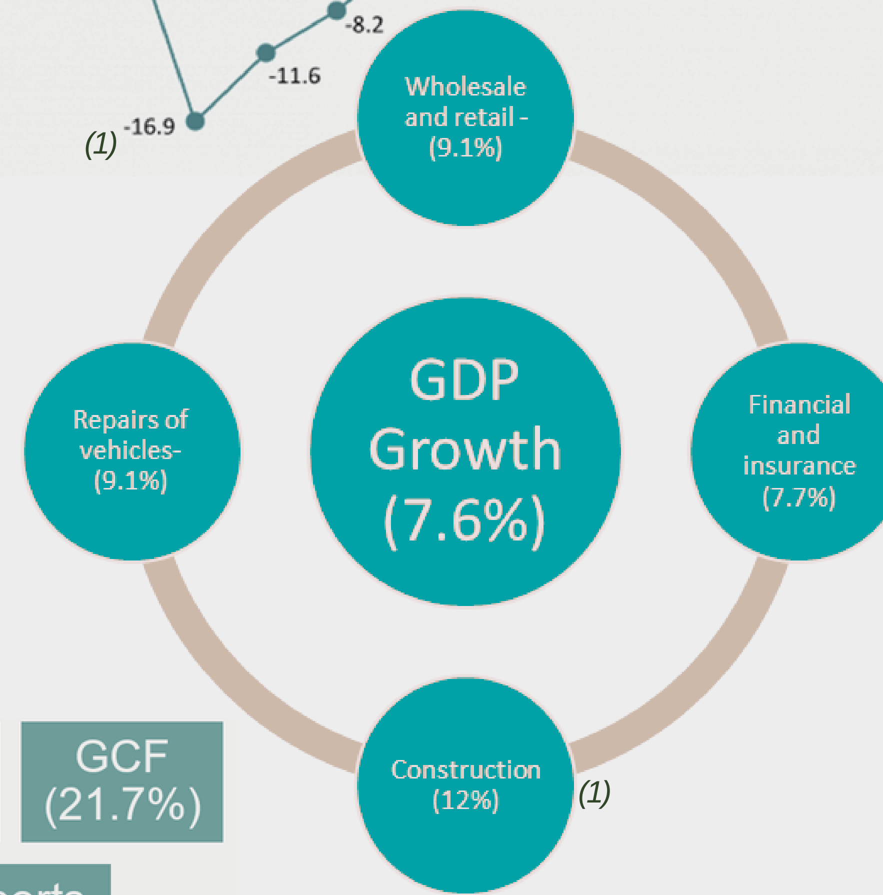
(2)

According to the World Bank, their assistance to the Philippine government was widely used in analytical work, policy advice, and capacity development. Highlights of some projects are as follows:

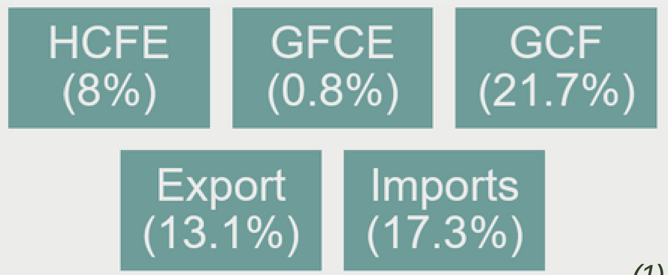
·The Philippine Covid-19 Emergency Response Project
·The Social Welfare and Development Reform Project II – Pantawid Pamilyang Pilipino Program (4Ps)
·The Philippine Rural Development Project

Figure 1. Gross Domestic Product (At Constant 2018 Prices)
Year-on-Year Growth Rates (in percent)
Q1 2018-2019 to Q3 2021-2022

(1)



(1)



(1)

3 ECONOMIC OVERVIEW

CURRENT AND FUTURE DRIVERS OF THE PHILIPPINE ECONOMIC GROWTH

Digital Economy

The National Economic and Development Authority (NEDA) undersecretary Rosemarie Edillon mentioned that: "It is very evident... the digital economy... is something that could be a growth driver going forward," during an online business forum organized by The Manila Times. Advancements to the tax system are expected to happen in 2023, such as the imposition of value-added tax on digital service providers and estimated to have an 11.7 billion pesos revenue impact. (3)

The internet economy is estimated to be worth $7.5 billion, according to a report by the economic consulting firm AlphaBeta.

Tourism

Tourism contributed 5.2% of the country's 2021 GDP and has always been an essential driver of Philippine growth. It is still expected that the tourism section will continue to rise amidst the lifting of travel restrictions brought about by the Covid-19 pandemic. Before the pandemic, the tourism sector contributed 12.5% of the country's GDP. (4)

Business Process Outsourcing

The BPO industry also plays a vital role in the economy of the Philippines and employs millions of Filipinos. (6)

Manufacturing

The manufacturing sector continued to grow in the country. It has a 17-month consecutive successive expansion until September 2022. Output growth is led by production in machinery and equipment, wood, bamboo, cane, rattan articles and related products, and chemical products. **(5)**

OFW Remittances

InIn January 2023, the Bangko Sentral ng Pilipinas (BSP) released a report that shows a 3.4% increase in OFW (Overseas Filipino Workers)/ personal remittances from January to November 2022 compared to January to November 2021. Personal remittances recorded in 2022 (up to November) reached $32.65 billion dollars. As per the BSP, "The increase in personal remittances in October 2022 was due to higher remittances sent by land-based workers with work contracts of one year or more and sea- and land-based workers with work contracts of less than one year.".

The continuous growth in personal remittances is expected to support consumer spending in the Philippines, which significantly supports GDP growth. (78)

FORECAST OF ECONOMIC STATE

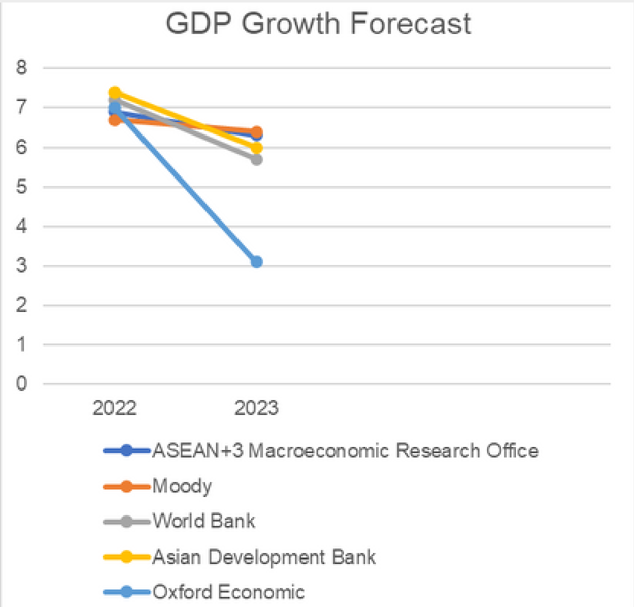
Construction Related Businesses

The construction industry is also expected to continue contributing to economic growth, primarily through major government projects such as MRT-7 (79) and the Metro Manila Subway Project (MMSP) (80) of the Department of Transportation. In addition, the Department of Public Works and Highways (DPWH) is expected to increase its public-partnership-partnership (PPP) projects, such as the P12.6 billion Central Luzon Link Expressway Phase 11 and the P56.9 billion Metro Cebu Expressway. (81) Lastly, the Department of Education (DepEd) will continue to provide construction projects to various contracts available in their procurement plan. (82)

These projects are expected to support construction companies in increasing their revenue and assisting the economy's growth.

Various economic experts trim down their economic growth forecast for 2023 due to persistent inflation and the lingering impact of the pandemic. Despite a strong performance in 2022, they believe the pandemic has a relevant impact as the country has the longest continuous lockdown in the region.

In 2023, household consumption for goods and services is expected to support the growth forecast and the government fiscal policy to promote public health, education, and infrastructure development.



(7)

3 ECONOMIC OVERVIEW

On the other hand, inflation breached 8.1% in December, bringing the year-average to 5.8%, according to the Philippine Statistics Authority. (8)

Thus, economic experts also increased their inflation forecast. For example, Moody's Analytics' inflation forecast in 2022 is 5.5%, 5.4% in 2023, and 3.1% in 2024, against its earlier estimates of 5.3%, 5%, and 2.9%, respectively.

According to World Bank Senior Economist Ralph van Doorn in a media briefing, the country has to address the impact of high inflation, keep its fiscal position sound, and continue to invest in health, education, and agriculture to safeguard economic growth.

Bangko Sentral ng Pilipinas has yet to rule out any interest rate hikes after raising the benchmark by 350 points last year to curb inflation.

REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

In 2012 at the 21st ASEAN Summit held in Phnom Penh, Cambodia, RCEP was launched by the Leaders of the 10 ASEAN Member States (AMS) and six ASEAN FTA partners (AFPs). The free-trade agreement is formed among the Asia-Pacific nations of Australia, Brunei, Cambodia, China, Indonesia, Japan, South Korea, Laos, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, Thailand, and Vietnam.

The negotiations commenced in early 2013 and were concluded in 2020; the agreement was signed on 15 November 2020. It entered into force when it was ratified by six AMS and three of the AFPs.

Similar to the other plurilateral negotiations/ multilateral forums such as Trans-Pacific Partnership and The World Trade Organization, RCEP negotiations aim to accomplish a modern and mutually beneficialeconomicpartnershipagreementamongtheASEANstates. (9)

The agreement took effect on New Year's Day, 1 January 2022, for Australia, Brunei, Cambodia, China, Japan, Laos, New Zealand, Singapore, Thailand, and Vietnam, creating the world's largest free-trade area. It also took effect on 1 February 2022 for South Korea.

The RCEP will be into force and effect 60 days after the deposit of their respective instruments of ratification, acceptance, or approval to the Secretary-General of the ASEAN (Association of Southeast Asian Nations) as the depository of the RCEP Agreement on the remaining signatory states, which The Philippines is part.

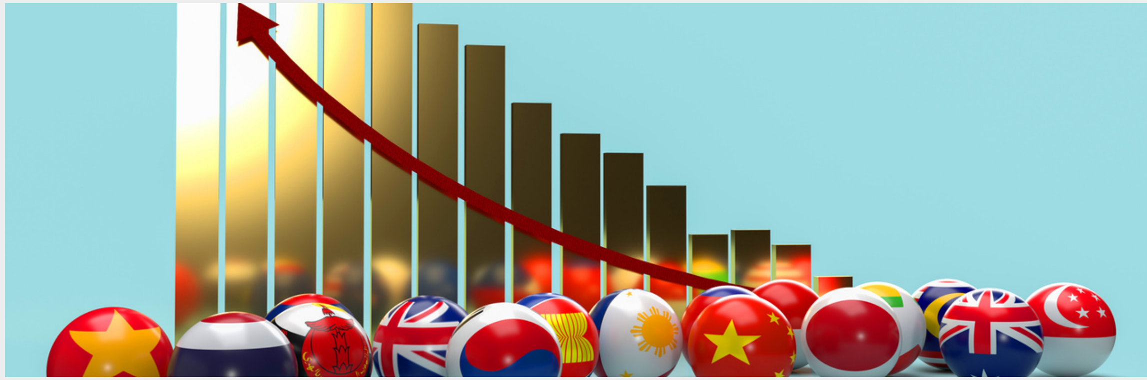
According to the World Bank, the following are the advantages of the agreement:

1. It would cover 2.3 billion people or 30 percent of the world's population,
2. It will contribute $25.8 trillion or about 30 percent of global GDP,
3. It will account for $12.7 trillion or over a quarter of global trade in goods and services,
4. It will form 31 percent of global FDI inflows.

It further states that "through new market access commitments and streamlined, modern rules and disciplines that facilitate trade and investment, RCEP promises to deliver new business and employment opportunities, strengthen supply chains in the region, and promote the participation of micro, small and medium enterprises into the regional value chains and production hubs."
Philippine economists believe that the Philippines will relevantly benefit from the RCEP in terms of increasing the GDP and lowering the poverty incidence levels. RCEP will also strengthen exports and trade balance and invite investments since it will provide more markets for Philippine products.

Because of that, the Department of Trade and Industry (DTI) supports the passage and ratification of the RCEP Agreement before the Philippine Senate. However, there is also opposition believing that the country is not ready to compete against the industries and products of other countries. The DTI firmly believes that the country has ample experience in competing globally since the Philippines already had existing free-trade agreements with other countries.

Other benefits that the RCEP may offer are an increase in export potential and prowess and the expansion of market access and opportunities that may boost agricultural production. (10)



3 ECONOMIC OVERVIEW

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

ESG is a holistic or a more proactive movement that aims to assist stakeholders in understanding how an organization manages its risks and opportunities related to environmental, social, and governance factors. It evolved from other historical movements centered on safety, health, pollution, and philanthropy.

In the Philippines, the Securities and Exchange Commission (SEC) headed the significant advancement of ESG by issuing SEC Memorandum Circular (MC) No. 04 on February 2019.

The MC requires publicly-listed companies, foreign or domestic, registered in the Philippines to submit an ESG report along with the Company's Annual Report (SEC Form 17-A).

The report shall include the performance of environmental, social, and governance aspects of their organization and provide transparency on efforts to achieve a sustainable and eco-friendly business environment and operations in the country.

For the first three (3) years upon implementation, the ESG report may be accomplished using a "comply or explain" approach. It means the template attached to their annual reports may include explanations of items on which the Company has no available data.

Non-submission of the ESG/ sustainability report shall be subject to penalties under SEC MC No. 6, Series of 2015. (11)

The SEC also issued SEC MC No. 24, Series of 2019, to adopt the Code of Corporate Governance for public companies and registered issuers. The MC requires these Companies to submit the following:

1. Certification of its Compliance Officer on its compliance with the Revised Code of Corporate Governance; and
2. Certification of its Corporate Secretary on the record of attendance at a board meeting.

Companies who are required to comply with the MC shall state in their annual corporate governance reports whether they comply with the provisions of the Code, identify any areas of non-compliance, and explain the reasons for non-compliance. (12)

PRIORITY GOVERNMENT PROJECTS UNDER PBBM ADMINISTRATION

In the first State of the Nation Address (SONA) of Ferdinand Marcos Jr as the President of the Republic of the Philippines, he focused on the following priority projects of his administration:

Continuation of Build, Build, Build Project

1. The improvement of traffic and mass transport – including the 1.9 trillion peso worth of ongoing railway projects such as the LRT-1 Cavite Extension, MRT-7, the Unified Grand Central Station, the North-South Commuter Railway Project, and the Metro Manila Subway.
2. The expansion of the previous administration's infrastructure program.

Macro-Economic Targets

1. GDP Growth
2. Reduce poverty incidents to single digits by the end of his term
3. Philippines to become an "upper-middle income" status by 2024
4. Building the current portfolio of investments by turning the country into an investment hub

Energy Solution

1. The possibility of reviving nuclear power plants

Tax Systems

1. Implementing a sound fiscal management
2. New value-added tax on digital services, which is estimated to generate 11.7 billion in 2023 through House Bill 7425

Agriculture

1. Establishing a network of farm-to-market roads
2. Modernization
3. Financial and technical aid for farmers and fisherfolk

Agrarian Reform

1. A one-year moratorium on amortization and interest payments. (13)

LEGISLATIVE UPDATES

R.A. 11934 or the SIM Registration Act

The Republic Act 11934, also known as the "Subscriber Identity Module (SIM) Card Registration Act," was signed into law on October 10, 2022, requiring end-users to register their new or existing SIM cards with their respective Public Telecommunications Entities (PTEs) within 180 days from the law's effectivity date.

A SIM card carries a unique international mobile subscriber number to identify and authenticate subscribers on mobile electronic devices. Its mandatory registration will serve as a preventive measure to address rising mobile phone-aided crimes such as text scams. The rollout will be on December 27, 2022, 15 days after the issuance of the National Telecommunications Commission's (NTC) implementing rules and regulations (IRR) of RA 11934.

A SIM will be deactivated if the end-users fail to comply with the said registration process. However, it may be reactivated after the end-users register the SIM within five days from the automatic deactivation.

Provision of RA 10963 (TRAIN LAW) Section 237 implemented through RR 8 and 9-2022

Requiring taxpayers engaged in the export of goods and services, e-commerce, and large taxpayers to issue electronic receipts

Provision of RA 10963 (TRAIN LAW) Section 237 implemented through RR 8 and 9-2022

Requiring taxpayers engaged in the export of goods and services, e-commerce, and large taxpayers to issue electronic receipts

The Bureau of Internal Revenue (BIR) issued Revenue Regulation (R.R.) No. 08-2022 and R.R. No.09-2022 to address concerns regarding Electronic Invoicing/receipting system (EIS) by setting policies and guidelines. Taxpayers mandated to use EIS are those engaged in exporting goods and services and e-commerce and are classified as large taxpayers.

EIS can store and process data required to be transmitted by covered taxpayers using their Sales Data Transmission System. It's also capable of issuing sales documents through its web-based issuance facility to be used by qualified taxpayers that the BIR will determine.

The first requirement of an Electronic Invoicing System (EIS) is covered by Sec. 237 of the Tax Code, which requires the issuance of receipts or invoices electronically through the seller's system. The second requirement of EIS is covered by Sec. 237-A of the Tax Code, which requires data transmission to the BIR, can be done by implementing a Sales Data Transmission System. The Tax Code only requires large taxpayers engaged in exporting goods and services and taxpayers under the jurisdiction of Large Taxpayers' Services to transmit their data to the BIR.

Republic Act (RA) No. 11765 or the “Financial Products and Services Consumer Protection Act”

An Act affording more protection to consumers of financial products and services to promote transparency, fair and sound market conduct, reasonable, and effective handling of financial consumer disputes.

On May 6, 2022, Republic Act (R.A.) No. 11765, also known as the Financial Products and Services Consumer Protection Act, was signed by President Rodrigo Duterte to provide more protection for consumers in financial products and services.

This Act also aims for the State to implement measures or policies to protect the following rights of financial consumers:

a. Right to equitable and fair treatment;
b. Right to disclosure and transparency of financial products and services;
c. Right to protection of consumer assets against fraud and misuse;
d. Right to data privacy and protection; and
e. Right to timely handling and redressal of complaints.

3 ECONOMIC OVERVIEW

Implementation of RA 10963 Title XIII through the issuance of RR 21-2021, RMC 24-2022, and RMC 49-2022

VAT treatment of transactions by Registered Business Enterprises (RBE) from June 2021 onwards under CREATE.

Revenue Memorandum Circular (RMC) No. 24-2022 addresses concerns raised by Revenue Regulation (RR) No. 21-2021, which took effect on December 10, 2021. The Circular centers explicitly on the VAT treatment of transactions by Registered Business Enterprises (RBE) and mainly on the Registered Export Enterprises (REE) where the cross-border doctrine previously applies.

For VAT purposes, the cross-border doctrine was ruled ineffective in RMC No. 24-2022 for enterprises located within freeports and ecozones. Mere registration as an RBE does not automatically entitle its local purchases of goods and services to a VAT zero rating. As a result, RBEs, particularly export-oriented enterprises, should identify their purchases from local suppliers or establish whether the transaction is used directly and exclusively in the registered project or activity. This does not include purchases made for administrative purposes.

For expenses used for registered activity and administrative purposes, the best allocation method shall be applied. If proper allocation cannot be determined, the purchase will be subject to 12% VAT.

Republic Act (R.A) No. 11127 or the "National Payment Systems Act" and Bangko Sentral ng Pilipinas (BSP) Circular No. 1049

The NPSA is a landmark legislation supporting the third pillar of central banking of the Bangko Sentral, which is maintaining safe, efficient, and reliable payment and settlement systems. This will govern the payment systems in the Philippines, which is necessary to control systemic risk and provide an environment conducive to the sustainable growth of the economy.

In line with the provisions of the National Payment Systems Act (RA 11127), the Monetary Board issued its Payment System Oversight Framework (PSOF) through BSP Circular No. 1089, which sets out the regulatory approach of the Bangko Sentral in overseeing payment systems in the country. The framework follows a risk-based oversight approach mainly through the designation of payment systems. The designation is based on the relative importance of payment systems as systemically or prominently critical. A designated payment system (DPS) shall be subject to periodic assessment and closer monitoring by the Bangko Sentral. This assessment shall focus on the observance of standards such as the Principles for Financial Market Infrastructures (PFMI) and compliance with relevant laws and regulations.

LEADERSHIP

ASEAN CORPORATE GOVERNANCE SCORECARD

ASEAN Corporate Governance Scorecard (ACGS) was developed in 2011 to promote corporate governance principles and to assess the members' commitment to sound corporate governance which is important to increase foreign investments. (70)

In the Philippines, the Institute of Corporate Directors (ICD) awards companies that achieve a score of at least 80 points in the ACGS Assessment. In 2022, over 80 companies will receive awards due to their exemplary performance. (71)

Politics

The Philippines is a presidential republic with eighty-two (82) provinces further divided into cities and municipalities. On July 1, 2022, the newly elected President of the Philippines was Ferdinand "Bongbong" Marcos Jr.

In 2023, his new administration will have its first full-year budget and performance. A few of the President's accomplishments in 2022 are as follows:

- Imposition of a one-year moratorium on the amortization and interest payments of agrarian reform beneficiaries (72);
- Vetoed the bill that aims to create the Bulacan Airport City Special Economic Zone and Freeport due to its possible risks (73);
- Abolished the Presidential Anti-Corruption Commission (PACC) and the Office of the Cabinet Secretary (74);
- Allowed the Vape Regulation Bill to lapse into law (75);
- Reaffirmed the country's commitment to the Mutual Defense Treaty with the United States Secretary of State Antony Blinken (76); and
- Securing P804.78 billion in investment pledges through state visits in Indonesia and Singapore from September 4 to 7 (77).

HEALTHCARE and PHARMACEUTICALS

The Philippines implemented Republic Act No. 11223, also known as Universal Health Care (UHC) Act, signed by former President Duterte, which aims to protect and promote Filipinos' rights and health awareness, as well as accessible quality and affordable health care goods and services. With UHC, all Filipinos are automatically enrolled in the National Health Insurance Program (NHIC) and are entitled to benefits immediately. (14)

UHC also supports the Department of Health (DOH) and the Philippine Health Insurance Corporation (PhilHealth). UHC mandates structural and functional health financing, service delivery, and governance changes.

Today, the Philippines is still recovering from the pandemic. Amidst the difficulties we are experiencing, we find ways and answers to the problem this has brought us. The pandemic shows us how crucial health plays in a country's economy. Poor health leads to poverty as it affects the productivity of the people.

In relation to COVID-19, the Government encourages everyone to get vaccinated to protect personal and public health against disease. This is to minimize deaths in the country and to lessen severe symptoms or complications an individual may experience. There are 11 vaccines approved for use in the Philippines, which are also approved by other countries. These vaccines are delivered and distributed to different health clinics for all Filipinos.

Pharmaceutical is one of the fastest-growing industries in the country since healthcare products and medicines are in demand. The Philippine government has established Botika ng Barangay, which aims to increase the accessibility of people in rural areas to health care and products.
Moreover, the Government passed Republic Act 9502 (commonly known as the Cheaper Medicine Act) in 2007 to improve health outcomes by ensuring that quality medicines are affordable to all Filipinos.

To combat the rising challenge brought by the pandemic, the Philippine government implemented a set of fiscal and monetary measures to contain the health, economic, and social impact of COVID-19. On the monetary side, the low and stable inflation rate provided room for the BSP to step up its accommodative monetary policies and provide ample liquidity to the banking sector. On the fiscal side, modest debt levels coupled with recent tax policy and tax administration reforms have provided the Philippines the fiscal space to implement a wide range of policy measures to help strengthen the country's health system and support affected households and firms. The outbreak clearly poses the risk of unraveling some of the Philippines' gains in poverty reduction in recent years.

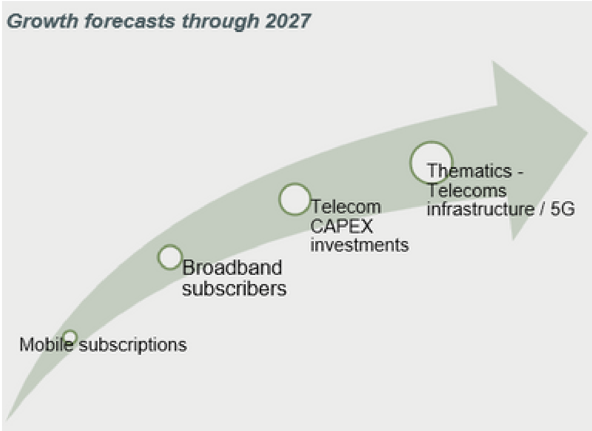
TELECOMMUNICATIONS

Over the past 20 years, the PLDT-Globe duopoly has dominated the Philippines' telecom sector. With the emergence of China-backed DITO Telecommunity and Converge ICT as the third mobile provider on its rollout in March 2021, the industry is experiencing tight competition and innovation. (15)

With new entrants to the Philippines telco market players, the mobile internet speed was recorded at 31.98 Mbps and fixed broadband speed at 58.73 Mbps. However, the figures proved slower than the global average of 54.53 Mbps and 105.15 Mbps, respectively. The numbers increased the Philippines' global ranking for mobile internet speed from 111th to 86th, market research firm Ookla said. Furthermore, mobile subscribers in the Philippines will reach 159 million by 2025, with 10.8 million broadband subscribers. Globe and PLDT-Smart will lead the 5G rollout with a combined 3,669 5G sites across the country. (16)

The annual Digital 2022 report of We Are Social, and Hootsuite shows the habits of internet users in Asia, who spend more time on mobile devices. The result reveals that internet users in the Philippines, at 5 hours 47 minutes, spend the most time on mobile devices in the world compared to the global average of 3 hours 43 minutes. The Philippines has by far the highest percentage at 60.4% of internet users who watch vlogs weekly, compared to a global average of 26.7%. Furthermore, the Philippines was ranked first as the country with the most robust influencer culture, with more than half, or 51.4%, following influencers on social media, doubling the global average. It also has the highest proportion of monthly streaming service users, at 98.3%, compared to a global average of 93.5%.

The Covid-19 pandemic massively contributed to the increasing demand for connectivity, meeting the need of Filipinos to work and study from home while also accessing online content and platforms. In addition, mobile video streaming and e-commerce growth paved the way for the continuing connectivity demands, according to the market research firm BMI. (17)



Mainly driven by expanded coverage, greater affordability, service improvements, increased data usage, and smartphone penetration, growth in the telecoms sector reveals broad market opportunities. Mobile subscriptions will continue to rise steadily through 2027, according to Idem Est Research's Philippines Telecoms Industry Report - 2022-2027. Fixed broadband subscribers will continue to grow over the same period, and household penetration will increase. As the market shifts to unlimited voice, text, and data allowances, increasingly becoming the only offering differentiator, mobile network operators face increased competition. The publisher benchmarked mobile data pricing across eight Asia Pacific countries and discovered that the Philippines needs to catch up in data download but anticipates that the country will catch up as 4G coverage expands. Smartphone use is growing, particularly in rural areas. (18)

The entry of the third telco player ignited the market for tower sharing, with the Department of Information and Communications Technology (DITC) pushing a policy to build over 50,000 new shared towers across the industry, attracting a new category of infrastructure investors who had not previously participated in the market. The entire foreign ownership allowed in the telecommunications sector will give the foreign investors control and significant incentives to participate in the market, boosting the country's telecoms infrastructure and being most welcome in the market after two decades of under-investment. The country is investing heavily to expand its fiber-optic network and 4G coverage. With the arrival of the new mobile market entrant DITO Telecommunity in 2021, capital expenditure investments in the telecoms sector reached a new high and will continue to soar in the next five years. According to a report by internet analytics firm Ookla, investments in telecommunication infrastructure have more than tripled due to the continued rise in mobile internet subscriptions, growing consumption of mobile data services, and a projected increase in MG subscriptions.

The 159 million mobile subscribers would jump at the chance to switch carriers for better coverage and lower prices. As digitalization spreads across all industries, the Philippines' telecom industry benefits from the economic overflow of demand for connectivity in this digital era. More jobs for Filipino engineers and other professionals are foreseen, allowing for the exchange of skills and technology transfer with foreign investors.

E-COMMERCE

On November 29, 2022, Bangko Sentral ng Pilipinas (BSP) has launched Bills Pay Ph via InstaPay.

Bills Pay PH is a new interoperable facility that would allow customers to pay their bills for utility, rent, subscription, credit cards, loan amortization, and other periodic or recurring financial obligations. Interoperability means that digital payments between payers and billers can be made even if they maintain accounts with different payment service providers (PSPs). It also enables digital transactions between accounts from different payment service providers by scanning or uploading the QR Ph person-to-biller (P2B) code or by manually inputting payment details for the non-QR mode of payment. (19)

With the Covid-19 pandemic, the use of digital transactions has increased rapidly. BSP encourages Filipinos to use digital money as a safe and convenient alternative to cash.
In 2023, the central bank aims to convert 50% of total retail payments to electronic channels and increase the number of Filipinos with bank accounts to 70% under its Digital Payments Transformation Roadmap. (20)

Platforms such as GCash and Maya are used mainly by Filipinos who prefer to buy online, make purchases, and do digital financial transactions.

Alipay+ is a provider of cross-border digital payment and marketing solutions, enabling it to connect merchants and consumers worldwide. It was developed by Ant group, the owner and operator of Alipay. In partnership with Gcash, the largest e-wallet in the Philippines operated by Mynt. (21)

With e-wallets, transacting abroad will be easy, like counting 1-2-3, especially for travelers.
In 2021, the Philippines' eCommerce market sales reached $17 billion, primarily contributed by 73 million online active users. This is estimated to reach $24 billion, with a 17% growth through 2025.

E-Commerce platforms like Shopee, Lazada, Zalora, and BeautyMNL are mostly used in the Philippines, where different products are sold. (21)

The hindrance to e-Commerce growth is the internet speed. The Philippines ranked 55th globally last 2022.

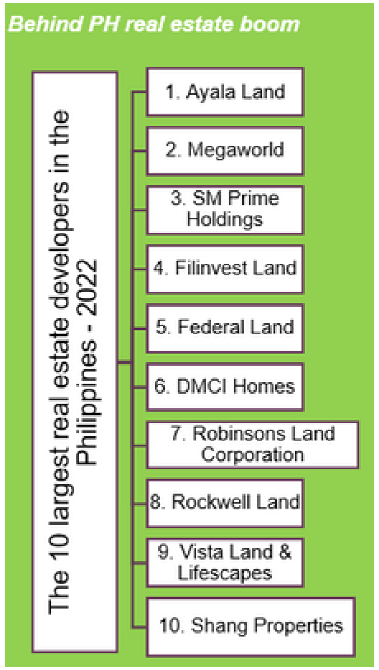
The Philippine government has issued a 2022 e-Commerce Roadmap to support its growth. The roadmap is described in one Filipino word, 'madali,' to make it synonymous with the Filipinos' vision toward e-Commerce: easy, simple, and fast. The mission of the roadmap is to ensure speed, enhance security, establish security and expand sales. (22)

The Covid-19 pandemic has increased the demand for e-Commerce as Filipinos stay home to either work or study during the quarantine period. The use of different online platforms has risen rapidly. During the pandemic, consumers are not allowed to roam outside. Thus, online shopping is the best option consumers have. Moreover, it is safer for everyone to stay home rather than risk their health by shopping personally. (23)

It appears that we are heading in the direction of a cashless society.

REAL ESTATE

The Philippines' real estate sector demonstrated its resilience and potential when it began to recover gradually at the onset of 2022. In Metro Manila alone, the rising demand for office space leads to a reduction in vacancies despite ongoing supply. (24) In the first half of 2022, workspace demand jumped to 325,100 sqm, 62% higher than 200,700 sqm last year, Philippine News Agency reported. (25)



The government's platforms under the current administration pushed support to the real estate sector, lifting the industry and further improving the country's economy. President Ferdinand Marcos, Jr. stated with optimism that the economy would rev up as the Build, Build, Build program would continue in the next six years. Infrastructure projects and tax incentives will support the growth and development of ecozones outside Metro Manila. (26)

According to Colliers, a national real estate research firm, there are incredible opportunities in the country's real estate market in 2022 and onwards. The Asian Development Bank says that the Philippine economy will grow at least 6.5% in 2022 despite the rising inflation. The property market will undoubtedly expand again due to the Philippine economy's overall recovery. (27)

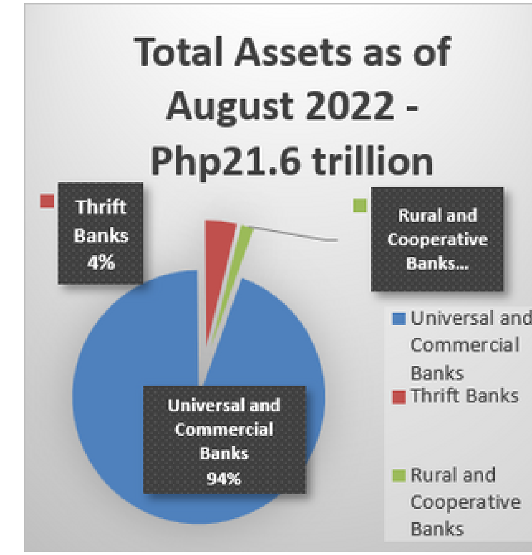
The CEO of Lobien Realty Group, Sheila Lobien, also pronounced a fearless forecast of a bull market in the sector in 2023 and beyond.

Amid the optimistic predictions, real estate developers and investors need to brace themselves in combating the challenges of rising interest rates and prices in dealing with real estate in the Philippine property market. According to Trading Economics, the inflation of commodities, especially raw materials, has caused an additional outflow of Php 90,000 to complete a Php 1 million house construction cost in 2021. (28) Despite the challenges, the sector's clear trajectory is gearing to a continuous boom in the industry caused by the consistent demands and opportunities to develop and build across the country.

BANKING

Bangko Sentral ng Pilipinas (BSP) reported in its August 2022 publication, Recent Trends in the Philippine Financial System, that the Philippine banking system shows an upbeat economic recovery despite the challenging environment in the banking sector. The sustained growth in assets, deposits, profits, stable capital and liquidity buffers, and sufficient credit losses provision positively show the strength, stability, and resilience of the industry.

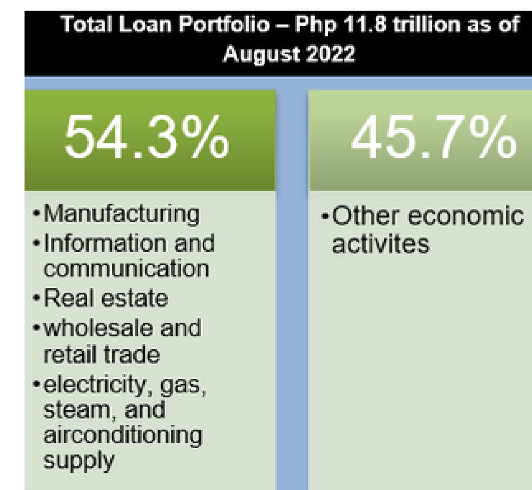
The total banking system's assets reached Php 21.6 trillion as of August 2022, representing a higher growth rate of 6.9% than last year of the same period and last month. (29) By banking group, 94% come from universal and commercial banks, while 4% and 2% are generated from thrift banks and rural and cooperative banks, respectively. (29)



The growth rate in the credit activity depicted a significant improvement as it ascended by 8.7% over last year's 1.4%. The total loan portfolio stood at Php 11.8 trillion) of which 54.3% came primarily from the following economic activities :

- Manufacturing
- Information and communication
- Real estate
- Wholesale and retail trade
- Electricity, gas, steam, and air-conditioning supply sectors

According to BSP, the non-performing loan ratios at 3.2% and 7.7% of the universal and commercial banks and thrift banks, respectively, affirm the manageable loan quality of the banking system. Moreover, the banking system's satisfactory loan quality was accompanied by sufficient reserves resulting in a non-performing loan coverage ratio of 100%. (29)



The banks were able to pass on lower interest rates to their borrowing clients due to the BSP's low policy rates since the COVID-19 crisis. However, now that the economy has reopened, the BSP began to raise the policy rate in the year's second quarter. For August 2022, the weighted average interest rates on loans of universal and commercial banks accounted for 6.2%, while the overall weighted average interest rate was recorded at 5.4%. (29)

The Philippine banking system's fund came mainly from deposits, mostly peso-denominated and sourced from resident individuals and private corporations, at 76.8% or Php 16.6 trillion, followed by capital and bonds payable. The growth in deposits amid the pandemic reveals the depositors' sustained confidence in the banking industry. Of the total deposits, the savings deposit type had the largest share, followed by demand and NOW accounts and time deposits. Interest rates on deposit accounts play at 0.1% to 3.3% depending on the deposit type and banking group. (29)

As of June 2022, the capital adequacy ratios (CARs) recorded at 16.7%, well above the minimum thresholds set by the BSP and the Bank for International Settlements. Both the banks' liquidity ratios and net funding ratio registered higher than the minimum thresholds as of June 2022, at 192.5% and 139.1%, respectively, indicating the bank's ability to meet both short and medium-term funding requirements. (29)

The banking sector sustained its profitability as the net profit increased by 16.7 % to ₱143.1 billion for June 2022 due primarily to higher interest income, mostly from lending and investing activities which grew by 6.4 % as of June 2022, a substantial turnaround from the 13.3 % of last year. Other contributing factors are trading and other income, efficient management of overhead expenses, and lower-cost funding. (29)

Other financial measures of the banking system, such as return on assets (RoA) and return on equity (RoE), also improved (Figure 3). The Philippine banking system entered mergers, consolidations, and acquisitions to boost a resilient and competitive banking landscape. (29)
BSP is conservative in its 2023 forecasts, considering various factors such as the external risks from a weaker global growth outlook, elevated inflation contributed by the protracted Ukraine-Russia conflict, and supply chain disruptions. The domestic economy's pace of expansion is forecasted to remain at least 6% in 2023. BSP expects 4.7% of the gross domestic product (GDP) current accounts deposits, a $5.4 billion balance of payments (BOP), $93 billion in gross international reserves, and a 4% growth of remittances from Filipinos working and living abroad. (30)

MANUFACTURING

The manufacturing industry is one of the most important sectors that we should also focus on further improving infrastructure growth and factory employment. In 2012, the annual growth rate was 5.4%, 10.5% in 2013, and 8.1% in 2014. The continued growth in this sector means that we are improving and capable of achieving goals.

Roadmaps are followed, and strategic actions are pursued to reach its target manufacturing contribution of 30% of total value added and 15% of total employment.(31) The Department of Trade and Industry (DTI) has implemented the Manufacturing Resurgence Program (MRP), which aligns with the Government’s goal of achieving inclusive growth. The MRP aims to rebuild the existing capacity of industries, strengthen new ones, and maintain the competitiveness of industries with comparative advantage. (32) This can be achieved by addressing the issue related to the supply chain (i.e., high cost of transport and logistics).

Manufacturing production in the Philippines advanced 12.7% year-on-year in October 2022 from an upwardly revised 12% rise in the previous month. It was the highest growth in seven months, as 17 of the 22 divisions posted increases, led by the production of machinery equipment except for electricity which recorded the highest annual growth at 76.4%, but at a softer rate compared to 85.8% gain, a month earlier. Meanwhile, output growth mainly accelerated for beverages (69.8% vs. -0.8% in September), transport equipment (28% vs. 20.9%), coke and refined petroleum products (19% vs. 12.2%), and fabricated metal products except for machinery & equipment (40.6% vs. 28.1%). Conversely, the most significant declines were seen in the production of electrical equipment (-55.8% vs. -53.7%) and printing and reproduction of recorded media (-17.4% vs. -7.1%). (33)

Government policy reforms and programs will lead to the growth of the manufacturing industry. This is to provide employment, upskill workers, expand social protection, and implement an active labor market. As the economy gradually regains footing, the industry improves.

As digital transformation is a continuous journey, SIRI is the beginning of the transition to the Fourth Industrial Revolution (also known as Industry 4.0). The digitalization of manufacturing.

Smart Industry Readiness Index (SIRI) program has been adopted in the Philippines. SIRI is an effective tool in catalyzing the digitalization of manufacturing companies regardless of size and industry, developed by the Singapore Economic Development Board (EDB). (34)

RETAIL

The Philippine retail sector in 2023 is expected to be significantly different from what it is today. This is due to several factors, including the rise of e-commerce, increased consumer spending, and technological advances.

The most significant change will be the rise of e-commerce. With the advent of 5G and increased internet access, e-commerce is becoming more accessible and affordable for Filipinos. This will open up a range of opportunities for retailers, including reaching a broader range of customers and offering more competitive prices. Furthermore, the ease of shopping online and its convenience will entice more customers to shop online.

Increased consumer spending is another factor that will majorly impact the retail sector in 2023. With the rise of disposable incomes, Filipinos will have more money to spend on products and services. This will lead to increased demand for retail goods and services and cause prices to rise to meet this demand.

Finally, technological advances will play a significant role in the retail sector in 2023. With the rise of artificial intelligence, automated retail solutions, and other advances, retailers can offer more personalized and efficient customer service. This will make shopping more convenient and enjoyable for customers while allowing retailers to cut costs and increase profitability.

Overall, the retail sector in the Philippines in 2023 is expected to be significantly different from what it is today. The rise of e-commerce, increased consumer spending, and technological advances will have a major impact on the sector. These changes will lead to increased competition, higher prices, and more personalized services for customers.

TOURISM

The Philippines' tourism sector is projected to be an even more prominent part of the nation's economy by 2023. With a rapidly growing middle class, the country is expected to see an influx of domestic and international travelers, leading to an estimated 8.4% growth in the tourism industry over the next five years.

The country will continue to benefit from its strategic location in Southeast Asia and its proximity to major cities such as Singapore, Kuala Lumpur, and Bangkok. This will attract more visitors to the country, and the government plans to invest heavily in infrastructure and tourism promotion to capitalize on this opportunity.

The government is also investing in developing new tourist attractions and destinations and continues to invest in improving existing infrastructure. The development of new airports, roads, hotels, and other facilities will help to increase accessibility to more remote destinations while also providing jobs to locals.

Additionally, the government has implemented various initiatives to promote the country as a tourist destination. This includes the promotion of Filipino culture, cuisine, art, and music, as well as the development of a network of eco-tourism sites and the promotion of sustainable tourism practices.

Overall, the Philippines' tourism sector is expected to see significant growth over the next five years, thanks to the government's commitment to the industry and its strategic location in the region. In 2023, the Philippines will become an even more attractive tourism destination and a major

5 MERGERS and ACQUISITION

In 2023, there is expected to be continued growth in the mergers and acquisitions (M&A) landscape in the Philippines. According to the Philippine Stock Exchange (PSE), the number of M&A transactions in the country increased from 108 in 2019 to 128 in 2020. This significant growth was driven by the increasing demand for companies to diversify their portfolios and capitalize on opportunities, as well as the government's initiatives to promote M&A activities.

In the coming years, the introduction of the Revised Corporation Code of the Philippines and the Additional Financing Act of 2019 is expected to drive M&A activity in the country further. The revised code will make the process of forming and operating a corporation easier, while the additional financing act will provide more financing options for businesses. Additionally, the increasing use of technology in the M&A process is expected to facilitate and streamline complicated transactions.

The sectors expected to see the most M&A activity in the Philippines in 2023 are technology, banking, infrastructure, energy, and health care. In particular, technology companies are poised to be in high demand as they offer the opportunity to capture emerging markets and develop innovative products. In addition, the healthcare sector is expected to benefit from government initiatives to promote the development of the country's medical infrastructure.

Overall, M&A activity in the Philippines is expected to grow in the coming years, driven by the increasing demand for companies to diversify their portfolios, the introduction of new legislation, and the increasing use of technology in the process. This growth is expected to benefit a wide range of sectors, including technology, banking, infrastructure, energy, and health care.

6 FOREIGN INVESTMENTS

Foreign investments in the Philippines in 2023 are expected to remain strong due to the country's strong economic growth and stable political environment. The Philippines has been one of the world's fastest-growing economies, with a GDP growth rate of 7.6% in the third quarter of 2012. The country's economic fundamentals remain strong, with a large and young population, low labor costs, and a growing middle-class sector. These factors make the Philippines an attractive destination for foreign direct investments(FDI).

The government has implemented several reforms to attract foreign investments, including rationalizing investment regulations, improving tax incentives, and liberalization of foreign exchange rules. Additionally, the government aims to enhance the ease of doing business in the country by introducing reforms such as streamlining the business registration process and easing foreign ownership restrictions.

The Philippines also offers many incentives for foreign investors, including tax holidays, tariff exemptions, and a liberal foreign exchange regime. These incentives are expected to further attract foreign investments in the country in 2023 and beyond.

Overall, foreign investments in the Philippines in 2023 are expected to remain robust, given the country's strong economic fundamentals and the government's efforts to attract foreign investments.

INVESTING IN THE PHILIPPINES

The Philippines has various incentives and benefits that foreign companies can enjoy while doing business in the country.

EASE OF DOING BUSINESS ACT (2019)

Republic Act 11032, formally known as the Ease of Doing Business and Efficient Government Service Delivery Act of 2018, was developed by the Philippine government in order to allow businesses to operate more easily in the country and to increase efficiency through the reduction of processing time, eliminate red tape, and restrict corrupt bureaucratic practices.

The main takeaways for the EODB Law include the following:

- Faster Processing of Business Permits and Licenses Standard Turnaround Time for Government Transactions Automated Business Registration Process Anti-Corruption Policy
- Citizen's Charter
- Accountability of Heads of Offices and Agencies

EODB also provides easier and faster processing times and transactions and less risk for businesses regarding the numerous requirements they need to comply with the government to operate legally within the country.

REVISED CORPORATION CODE OF 2019

Republic Act 11232, or the Act providing for the Revised Corporation Code of the Philippines, was signed into law by President Rodrigo R. Duterte on February 21, 2019. It amends a 38-year-old Corporation Code in an effort to improve the ease of doing business in the Philippines.

Following are some of the notable changes made in the Revised Corporation Code:

- INCORPORATORS: Removal of the minimum number of incorporators.
- MINIMUM CAPITAL STOCK: Removal of minimum capital stock on stock corporations unless otherwise stated by special law.
- CORPORATE TERM: Removal of the fifty (50)-year corporate term. This means that unless there is a provision in the Articles of Incorporation concerning the term of corporate existence, the corporation will exist perpetually unless sooner dissolved.
- ONE-PERSON CORPORATION: Removal of minimum capital stock on one-person corporations unless otherwise stated by special law.
- CORPORATE OFFICERS: Chief Executive Officer is made the alternative title to President, and Chief Financial Officer is made the alternative title to Treasurer. Also, the inclusion of a Compliance Officer as a mandatory corporate officer on top of the President/CEO, Treasurer/CFO, and Corporate Secretary.
- BOARD MEETINGS: Allowance of remote communication methods in attending board meetings subject to provisions of corporate by-laws.
- NATIONALITY OF A CORPORATION: Formalization of the test in determining the nationality of a corporation, i.e., the control test.
- REMOVAL OF A MEMBER OF THE BOARD OF DIRECTORS OR TRUSTEES: Empowering the Securities and Exchange Commission (SEC) to remove disqualified members of the Board of Directors or Trustees.
- DIGITAL MEANS: The new code introduces provisions that permit the electronic filing of reportorial requirements and attendance in meetings via remote communication or in absentia, among others – practices that were not recognized in the old law.

FOREIGN INVESTMENTS ACT

Under the Foreign Investment Act (FIA), micro, small, and medium-sized enterprises (MSME) with paid-in capital of less than US$200,000 are reserved for Philippine nationals. However, under the amendments, foreign nationals can own an MSME with a minimum paid-in capital of US$100,000 provided that the enterprises meet the following conditions:

1. Utilize advanced technology (to be determined by the Department of Science and Technology);
2. Are endorsed as startup enablers or as a startup in accordance with the Innovative Startup Act; or The company hires no less than 15 Filipino employees, a reduction from the previous requirement of 50.

The new Inter-Agency Investment Promotion Coordination Committee Under the amended FIA, the government will create the Inter-Agency Investment Promotion Coordination Committee (IIPCC), which is a body that integrates all the promotion and facilitation efforts to encourage foreign investments. An inter-agency body will provide a uniform approach to foreign investment promotion since various government agencies may have different strategies when it comes to foreign investment promotion and facilitation.

The President has the power to suspend, prohibit, or limit foreign investments to safeguard national interests. The amended FIA gives the President of the Philippines the power to order the IIPCC to review foreign investments that may threaten Filipinos' safety, security, and well-being. Examples include foreign investments involving cyberinfrastructure, military-related industries, and pipeline transportation, among others.

Understudy or skills development program for foreign nationals. Foreign businesses employing foreign nationals who are enjoying fiscal incentives must devise an understudy or skills development program that benefits Filipino workers. This ensures that local workers receive the knowledge and skills from their foreign colleagues.

TWELFTH REGULAR FOREIGN INVESTMENT NEGATIVE LIST (RFINL) 2022

On 27 June 2022, President Rodrigo R. Duterte signed Executive Order (EO) No. 175 promulgating the Twelfth Regular Foreign Investment Negative List (RFINL) replacing Executive Order (EO) No.65, to reflect changes to List A and List B to ease restrictions on foreign participation in certain investment areas or activities. The publishing and updating of the RFINL are mandated under the Foreign Investment Act of 1991. Specifically, the list is mandated to cover investment areas that are open to foreign investors and/or reserved for Filipino nationals.

The following are the major changes from the 11th RFINL to the 12th RFINL:

1. Reflects the full foreign ownership liberalization for telecommunications, domestic shipping, railways and subways, and air transport as provided under the amendments to the Public Service Act (PSA).

2. Incorporates the amendments to the Retail Trade Liberalization Act (RTLA) that provides for a uniform minimum paid-up capital of USD 500,000 (PHP 25 million) from as much as USD 2.5 to 7.5 million for non-luxury foreign retailers.

3. Takes into account the amendments to the FIA which allows for a lower minimum paid-up capital of USD 100,000 for non-Philippine nationals if the enterprise i) involves advanced technology as determined by the Department of Science and Technology, ii) endorsed as a startup by the lead host agencies pursuant to the Innovative Startup Act, or iii) employs no less than 15 Filipino employees.

4. Subject to reciprocity, professional teaching is allowed, including teaching at the primary and secondary levels (Annex No. 39). In addition, the exclusion for teaching professional courses has been removed, allowing foreigners to teach professional courses as long as they comply with current laws and regulations (including government commissions or judicial examinations).

5. Generally, no foreign equity is allowed in Cooperatives but investments of former natural-born citizens of the Philippines are now allowed.

6. Operation of Public Utilities is still subject to 40% limitation in foreign ownership equity, but the businesses considered as Public Utility have been redefined pursuant to the amendments to the Public Service Act, as follows; Distribution of electricity, Transmission of Electricity, Petroleum and Petroleum Products Pipeline Transmission Systems, Water Pipeline Distribution systems and wastewater Pipeline systems, including sewerage pipeline systems, Seaports, and Public Utility Vehicles.

7. Manufacturing, repair, storage and/or distribution of products requiring Philippine National Police Clearance may now be 100% owned by foreigners.

8. The exception to the USD200,000 minimum capitalization requirement for Micro and small domestic market enterprises: those where 100% foreign ownership is allowed if their paid-in equity capital is at least equivalent to US$100,000 has been amended as follows:

- that involve advanced technology as determined by the Department of Science and Technology (hereinafter referred to as, “DOST”); or
- are endorsed as startup or startup enablers by the lead host agencies, namely the Department of Trade and Industry, Department of Information and Communications Technology or DOST, under the Innovative Startup Act; or
- with a majority of their direct employees being Filipinos which in no case shall be less than fifteen (15).

9. The following are the added professions where foreigners may practice in the Philippines subject to reciprocity; Criminology, Food technology, Marine deck engineering, Professional teaching, Radiologic and x-ray technology, and Speech-Language Pathology.

10. Architecture is considered a corporate practice of professions with foreign equity restrictions.

The following are the major highlights from the 11th RFINL (EO 65):

1. One hundred percent (100%) of foreign ownership for internet business (online-based business).

2. Allowed one hundred percent (100%) foreign professionals to be involved in higher education except for professions covered by board/bar.

3. No foreign equity for operations of private detectives, watchmen, or security guard agencies.

4. Allowed forty percent (40%) of foreign ownership related to contracts for construction and repairs of locally funded public works.

5. One hundred percent (100%) of foreign ownership for power generation and supply of electricity to contestable market, except for renewable energy.

6. One hundred percent (100%) of foreign ownership for educational institutions for foreign diplomatic personnel, dependents, and other temporary residents.

7. One hundred percent (100%) of foreign ownership for training centers that are engaged in short-term, high-level skill development that do not form part of formal education.

8. Allowed forty percent (40%) of foreign ownership for private radio communication networks.

9. One hundred percent (100%) of foreign ownership for wellness centers, adjustment companies, lending, financing, and investment houses.

PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA)

Entities registered under PEZA are required to locate their operations inside the special economic zone to be entitled to incentives to include the following:

- Income Tax Holiday (ITH) for four (4) years for Non-pioneer enterprises, or six (6) years for Pioneer enterprises
- A 5% tax on gross income after ITH, in lieu of all national and local taxes, except real property taxes
- Additional deduction equivalent to 50% of training expenses, chargeable against the 3% share of the national government in the special 5% tax on gross income
- Exemption from Branch Profit Remittance tax for PEZA-registered branches of foreign corporations.
- Permanent resident status for foreign investors with initial investments of US$ 150,000.00 or more
- Simplified Import – Export Procedures (Electronic Import Permit System and Automated Export Documentation System).
- Non-resident Foreign Nationals may be employed by PEZA-registered Economic Zone Enterprises in supervisory, technical, or advisory positions.
- Special Non-Immigrant Visa with Multiple Entry Privileges for non-resident Foreign Nationals, their spouses, and dependents in a PEZA-registered Economic Zone with Visa Facilitation Assistance.
- Tax duty-free importation of capital equipment, spare parts, and accessories Tax credits for exporters using local materials (RA 7844).
- Exemption from expanded withholding tax
- Additional deduction for labor expenses
- Employment of foreign Nationals in supervisory technical or advisory positions

Requirements to be submitted to be entitled to PEZA Tax Incentives are:

- SEC Certificate of Registration
- Articles of Incorporation and By-Laws
- Board Resolution of a duly authorized company representative or signatory
- Project Brief
- Anti - Graft Certificates
- Project Feasibility Study

BOARD OF INVESTMENTS (BOI)

Entities registered under this agency are not required to be located in specific investment places. Some of the benefits of this agency are:

- Three (3) to eight (8) year income tax holidays;
- Four (4) to six (6) year exemption from local business taxes for pioneer and non-pioneer industries;
- Exemption from Taxes and Duties on Imported Spare Parts;
- Exemption from Wharf Dues and Export Tax, Duty, and Impost Fees;
- Simplification of customs procedures for the importation of equipment, spare parts, raw materials, and supplies and exports of processed products.
- Importation of consigned equipment for a period of 10 years from the date of registration, subject to the posting of a re-export bond.
- The privilege to operate a bonded manufacturing/trading warehouse subject to Customs rules and regulations.
- Tax credits on imported raw materials
- Tax and duty-free importation of consigned equipment
- Additional deduction for labor expenses
- Employment of foreign materials in supervisory, technical, and advisory positions

The following are the requirements to be submitted:

- SEC Certificate of Registration
- Articles of Incorporation and By-Laws
- Audited Financial Statements (feasibility report that contains projected financial reports for the next 5 years)
- Income Tax Return for the past 3 years (if applicable)
- Board Resolution of a duly authorized company representative or signatory
- Project report (a report that contains activities listed or is related to those listed in IPP)

TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY (TIEZA)

Foreign Enterprises engaged in tourism-related activities (such as travel and tour agencies, restaurants, spas, theme parks, and galleries) within the tourism enterprise zone.

The tax incentives for TIEZA-registered enterprises are:

- Tax deduction equivalent to a reasonable percentage (not exceeding 50% of the cost of environmental protection or cultural heritage Preservation activities, sustainable livelihood programs for local communities, and other similar services)
- Protection from requisition of property in cases of war (national emergency)
- Entitlement to avail of a work visa or a special investor's resident visa

Foreign-owned enterprises must submit the following:

- SEC Certificate of Registration
- Articles of Incorporation and By-Laws
- Company Profile (containing basic data or information on its technical, financial, marketing and management capability to undertake the proposed project)
- Board Resolution of a duly authorized company representative or signatory
- Vicinity Map
- Proof of land ownership and or Long-term Lease Agreement/s for a period of not less than 25 years in the area of the proposed TEZ
- Endorsement Letter from the National Historical Institute (NHI) in the case of Cultural and Heritage Tourism Zone, from the Department of Health (DOH) in the case of Health and Wellness Tourism Zone or from the Philippine Retirement Authority (PRA) in case of retirement villages or communities.

BOI and PEZA registration fees*

BOARD of INVESTMENT (BOI)	AMOUNT (PHP)	PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA)	AMOUNT (PHP)
1. Filing fees for application for registration:		1. Application Fees	
a. Project cost not exceeding P 4Million	1,500.00	Application of New Project (Non-Pioneer)	3,600.00
b. Project cost exceeding P 4Million but not over P 20 million	3,000.00	Application of New Project (Pioneer)	6,000.00
c. Project cost exceeding P 20Million but not over P 50Million	4,500.00		
d. Project cost exceeding P 50 million	6,000.00	2. Registration Fees	
		Registration of New Projects	6,000.00
2. Fee for Certificate of Registration			
a. 1/10 of 1% of project cost but not less than P 3,000.00 and not to exceed P 15,000.00			

*Fees may vary depending on the BOI/PEZA-approved fees.

7 SETTING UP A BUSINESS

The Philippines is one of the best choices for investors because of its booming economy and growth in various industries such as the Agricultural, Industrial, and Service sectors. Industries such as Manufacturing, Real Estate, Mining, Business Process Outsourcing, Gaming, Casino, Retail, Distribution, Banking and Finance, Construction and Engineering Services, English Learning, FinTech, and E-commerce are promising areas for investment in the country.

Below are the forms of business organizations that can be established under Philippine Laws:

I.SOLE PROPRIETORSHIP

A sole proprietorship is a fundamental business structure operated by just one owner who has complete authority over the business and is personally responsible for all its assets and debts.

It is one of the most widely used business forms in the Philippines mainly due to its simplicity, minimal cost, and easy, streamlined setup process, making it a top option for sole business owners, consultants, and individual self-contractors. While sole proprietorship owners enjoy all profits earned by their business, they are also fully responsible for losses, debts, and liabilities.

In the Philippines, sole proprietors and their businesses are considered single taxpayers sharing the same Tax Identification Number (TIN) for tax purposes. Those who plan to establish a sole proprietorship in the Philippines must register with the Department of Trade and Industry and apply for a business trade name.

II.PARTNERSHIP

Based on Article No. 1767 of the Civil Code of the Philippines (R.A. No. 386), by the contract of partnership, two or more persons bind themselves to contribute money, property, or industry to a common fund to divide the profits among themselves. Two or more persons may also form a partnership for the exercise of a profession. (1665a). A partnership is obliged to secure a certificate of registration with the SEC to own a license to operate its business.

III.CORPORATION

A corporation is an artificial being created by operation of law, having the right of succession and the powers, attributes, and properties expressly authorized by law or incidental to its existence (as defined in Section 2 of Batas Pambansa Blg. 68 or The Corporation Code of the Philippines).

On February 23, 2019, Republic Act No. 11232, or the Revised Corporation Code (RCC), became effective, replacing Batas Pambansa Blg. 68. The law introduces fresh and progressive concepts aimed at improving the ease of doing business in the country, promoting good corporate governance, and affording protection to corporations, investors, and consumers alike amid a fast-evolving business landscape.

Here are some of the critical provisions of the New Code:

1. Perpetual Term. Section 115 of the Code states that corporations can now exist beyond the 50-year term provided in the old code. This will eliminate the possibility of legitimate and productive businesses prematurely closing down only because they have failed to renew their registration.

2. One Person Corporation (OPC). The RCC removed the minimum number of incorporators (but not more than 15) required to organize a corporation and allowed the formation of One Person Corporation (OPC), a corporation with a single stockholder and without a minimum authorized capital stock required.

3. No Minimum Capital Stock. Section 12 of the Code provides that Corporations shall not be required to have minimum capital stock, except as specified by special law where minimum capital stock is required.

4. Electronic Filing and Monitoring System. As part of efforts to do business in the country, the RCC mandated the Commission to develop and implement an electronic filing and monitoring system. So far, the Commission has implemented an online company registration system.

Foreign investors seeking to set up a company in the Philippines can choose among six types of Corporations, namely:

I. Domestic Corporation.
Domestic Corporations are locally-incorporated entities with 100% or more than 50% Filipino ownership. To set up a domestic corporation, at least two and a maximum of fifteen stockholders (also known as incorporators) are required. Each stockholder must subscribe to at least one share of the capital stock.

II. One Person Corporation.
One Person Corporations are also locally incorporated but can only be either 100% Filipino-owned or 100% foreign-owned. A One Person Corporation (OPC) is a corporation with a single stockholder. The single stockholder shall serve as the incorporator, sole director, and president. Their liability to the OPC is limited to the extent of their assets.

Only the following are allowed to set up an OPC:
(a) Natural person of legal age (local or foreign),
(b) Trust (does not refer to a trust entity but to the subject being managed by a trustee); and
(c) Estate.

A foreign natural person can set up an OPC in the Philippines. Still, they are subject to restrictions in investment areas partially or wholly reserved to Filipino citizens under the FINL.

III. Foreign Corporation

i.Representative Office.
Under Philippine law, a representative office is a foreign corporation allowed to do business in the Philippines without deriving any local income. A representative office is fully subsidized by its head/foreign office and deals directly with the latter's clients by disseminating information, acting as a communication center, conducting surveys and studies of the Philippine market, or promoting and ensuring the quality of the company's products and services. Therefore, a representative office in the Philippines is actually an extension of a corporation's foreign/head office. Accordingly, the foreign/head office is liable for the liabilities of the representative office.

ii. Branch Office.
Like a representative office, a branch office is an extension of the foreign/head office and does not acquire a separate juridical personality from the latter. Thus, the branch's liabilities are considered liabilities of the foreign/head office. Therefore, a branch office is subject to income tax at a rate of twenty to twenty-five percent (20-25%) on income from within the Philippines. However, profits remitted by the branch to its head office are subject to branch profit remittance tax if they are effectively connected with its business in the Philippines, at the rate of fifteen percent (15%) or ten percent (10%) depending on certain tax treaties; however, if located in a special economic zone, then they are tax exempt.

iii. Regional Headquarters.
A Regional Headquarters (RHQ) is an administrative branch of a foreign corporation allowed to supervise, inspect or coordinate its subsidiaries, branches, and affiliates worldwide. It is also allowed to act as a communications center for all associated entities. It is not allowed to derive income and has no separate legal personality from its parent company. Under legal conditions, it may source raw materials, market products, train employees, or conduct research and development projects in the Philippines.

iv. Regional Operating Headquarters.

A Regional Operating Headquarters (ROHQ) is an extension of a foreign corporation allowed to derive income in the Philippines by performing qualifying services to its head office, affiliates, subsidiaries, and/or branches worldwide. Similar to an RHQ, it does not have a separate legal personality from its parent company.

REGISTRATION
All business trade names should be registered under the Department of Trade and Industry regardless of the type or form of business organization.

REGISTERING FOR TAX
All businesses must have their own Tax Identification Number (TIN) and submit income tax returns quarterly and annually to the BIR. For sole proprietorships, the TIN of the owner is used for tax reporting purposes.

BUSINESS LICENSE AND PERMITS
Businesses are required to secure licenses and permits to operate. These are obtained from the Local Government Unit (LGU) where the company operates.

8 TAXATION

Tax laws are being modified as time passes to align with the current state and for taxpayers' benefit. Corporate income tax amendments and codification of the enhanced tax incentives regime, which was signed into law on March 26, 2021, and took effect 15 days thereafter (April 11, 2021). It introduces crucial and timely improvements in our Corporate Income Tax system by (i) reducing the rate to regionally competitive levels and providing tax relief measures, and (ii) calibrating the fiscal incentives that address governance, value creation, and development of far-flung areas thereof.

A.Unmasking CREATE

This Act lowers the regular corporate income tax rate (RCIT) to 20% from 30% for micro, small, and medium enterprises (MSMEs) while pegging the RCIT at 25% for other corporate taxpayers. It also aims to plug tax leakages by rationalizing the fiscal incentives granted to investors and shifts the administration of such incentives towards a performance-based system, targeted, time-bound, and transparent. As suggested, the best way to unlock CREATE's impact is to get to know the right combination of affected sections in the tax code -- 13-20.1.9, viz:

- 13 amendments that are generally designed to improve corporate income tax rates;
- 20 codified provisions (fiscal incentives rationalization);
- One repealed provision (10% improperly accumulated earnings tax which applies to the entire taxable year for all taxable/fiscal years ending after CREATE's effectivity), (35); and
- Nine vetoed clauses and sections (on VAT exempt threshold of sale of real properties, 90-day period processing of general tax refund, investment capital definition, redundant incentives for domestic enterprise, FIRB's power limitation, automatic approval of incentives application, among others).

Consequently, due to the enhanced tax incentive system, 25 repealing and 33 amendatory clauses were also appended to the Act. These repealing clauses include (a) transferring the Investment Promotion Agency Board to the Fiscal Incentives Review Board (FIRB), (b) expanding FIRB's powers and functions, and (c) aligning a few provisions on tax incentives and investment priorities plan, Transparency in the Management & Accounting of Tax Incentives (TIMTA), and the Omnibus Investment Code of 1987. Those repealed provisions have been referred to also in the amendatory clauses section.

B.Corporate Income Tax Relief

The biggest winners of this tax reform package are the MSMEs, who are afforded sizeable tax cuts to 20%, while other corporate taxpayers are subject to the calibrated income tax rate of 25%. Still, a tax burden that is at par and regarded as regionally, if not globally competitive, particularly to our ASEAN neighbors. It is noteworthy to mention the short-term (3 years) tax break given to corporate taxpayers who were hardly hit by the covid19 pandemic – the lowering of (i) MCITto 1%, and (ii) income tax to 1% for non-profit hospitals & proprietary educational institutions, to wit:

Taxpayer	PRE-CREATE	CREATE	Effectivity
Domestic Corporations (DCs) in general	30%	25%	July 1, 2020
DCs with NTI[1] ≥[2] Php 5.0M & TA[3] ≥[4] Php 100.0M	30%	20%	July 1, 2020
Resident Foreign Corporations **(RFC)**	30%	25%	July 1, 2020
Non-Resident Foreign Corporations **(NRFC)**	30%	25%	January 1, 2021
DCs & RFCs' Minimum Corporate Income Tax	2%	1%	Jul. 1, 2020 - June 30, 2023
Non-Profit Hospitals **& Proprietary** Educational Institutions[5]	10%	1%	July 1, 2020 - June 30, 2023
Regional Operating Headquarters (ROHQ)	10%	25%	January 1, 2022

Cognizant of the confusion due to CREATE Law's sequence of the wording of whether a "nonprofit" is a requirement in order to avail of the special tax rate of 1%, Congress immediately passed an Act to add clarity to the provision, which now reads as:

"(B) Proprietary Educational Institutions and Hospitals. — Hospitals which are nonprofit and proprietary educational institutions shall pay a tax of ten percent (10%) on their taxable income . . ."(36)

As such, the nonprofit qualification only pertains to hospitals and not to proprietary educational institutions (PEI). PEI now refers to any private school maintained and administered by private individuals or groups with issued permits or licenses from government agencies (e.g., DepEd, CHED, TESDA).

[1] *Net Taxable Income*
[2] *Not Exceeding (Not More Than)*
[3] *Total Assets*
[4] *Not Exceeding (Not More Than)*
[5] *§1 of **R.A.11635** or An Act Amending Sec. 27(B) of NIRC, as amended, and for Other Purposes.*

C. Expanding VAT Exemption

Another relief as provided in CREATE is the exemption to VAT (under §109) of duly approved COVID-19 drugs and directly related raw materials for the production of such drugs, and the capital equipment, spare parts, and raw materials for the production of personal protective (PPE) equipment for COVID-19 prevention. Other exemptions and amendments to VAT include:

PARTICULARS	PRE-CREATE	CREATE
Sale of prescription drugs and medicines for diabetes, high cholesterol, hypertension, cancer, mental illness, tuberculosis, and kidney disease *(Jan. 1, 2021, instead of Jan. 1, 2023)*	12%	Exempt
Drugs for the treatment of COVID-19 approved by the FDA for use in clinical trials, including raw materials directly necessary for the production of such drugs	12%	Exempt
Capital equipment, its spare parts, and raw materials for the production of PPE for COVID-19 prevention	12%	Exempt
All drugs, vaccines, & medical devices used for Covid19 treatment	12%	Exempt
Sale, importation, printing or publication of any educational material covered by the UNESCO agreement including digital and electronic format (e-books)	12%	Exempt
Increase in VAT-exempt threshold on ***sale of a residential lot*** Increase in VAT-exempt threshold on ***sale of residential houses & lots and other residential dwellings***	Php 1.5M Php 2.5M	Not Exempt Php 3.1992M

D.Final tax's realignment on certain passive income

CREATE somehow updated the final tax on a foreign corporation's sale of non-traded shares in the stock exchange (under §28) and the resident foreign corporation's final withholding tax (FWT) on the interest income from a depository bank under Expanded Foreign Currency Deposit System (under §28). These are now at par with the upgraded tax rate (15%) to individuals, which was implemented through TRAIN law in 2018 and, thus, effectively treated as part of revenue-neutral measures. Lastly, the exemption of domestic corporation's foreign-sourced dividends from final tax (under §28), provided that (i) the corporation holds 20% of FC's outstanding shares and has held such shares for at least two years at the time of dividends distribution, and (ii) the amount is reinvested (in the form of working capital, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project only) in the Philippine business operations within the following taxable year.

Other CREATE's key amendments to the Code are as follows:

1. Adding the "Reporting requirement of the Commissioner of Internal Revenue to the Department of Finance and Oversight Committee of Congress." (38)
2. Inclusion of One Person Corporation in the Term "Corporation." (39)
3. Limiting the Exemption of Winnings from PCSO of non-resident alien individuals to the extent of Php 10,000. (40)
4. Repealing the 10% Improperly Accumulated Earnings Tax (41)
5. Introducing the additional 50% deduction on labor training expenses incurred for skills development of enterprise-based trainees enrolled in certain schools/institutions and duly covered by an apprenticeship agreement in which deductions cannot exceed 10% of direct labor wage, and provided the needed certification from DepEd, CHED, or TESDA is secured. (42)
6. Reducing the deductible interest expense to 20% from the previous 33%. (43)
7. Ditching a prior BIR confirmation or tax ruling requirement for purposes of availing tax-free exchanges under Section 40 (C) of the Tax Code. VAT shall not be imposed on tax-free exchanges. Tax-free exchanges or disposition of property pursuant to corporate restructuring include merger or consolidation, property for share (including de facto merger), stock acquisition, asset acquisition, recapitalization, and reincorporation. (44)
8. Redefining the term "control" for purposes of tax-free exchange. Ownership of stocks in a corporation after the transfer of property possessing at least 51% of the total voting power of all classes of stocks entitled to vote: provided, that the collective and not the individual ownership of all classes of stocks entitled to vote of the transferor or transferors shall be used in determining the presence of control. (45)
9. Mandating withholding tax rules review of the DOF at least every three (3) years. (46)
10. Reducing the percentage tax (persons exempt from VAT) from 3% to 1% effective July 1, 2020, until July 30, 2023. (47)
11. Inclusion of the 90-day period for the BIR to act on claims for refund of taxes erroneously or illegally paid or penalties imposed without authority reckoned from complete submission of documents. (48)
12. Directing Congressional Oversight Committee to review the performance of the Fiscal Incentives Review Board in aid of legislation. (49)

	PRE-CREATE	CREATE
FCs' Capital Gains Tax on Sale of Shares of Stocks Not Traded in the Stock Exchange	5%, 10%	15% on net capital gains, *unless sold through the stock exchange*
RFCs' FWT on Interest Income from Depository Bank - Expanded FCDS[1]	7.5%	15%
DCs' Intercorporate dividends Tax on Foreign-Sourced Dividends	30%, subject to Tax Treaty rules	**Exempt**, subject to *reinvestment in the Philippines, 20% & 2-year shareholdings requirements.*

[1] Expanded Foreign Currency Deposit System

E.Codifying Tax Incentives

The other pillar of this law is the codification of the Tax Incentives Regime (under §§291 to 311), designed to engender value creation and development in the countryside. It calibrated the incentives management under the auspices of FIRB (Fiscal Incentives Revenue Board and deputizes the IPAs (Investment Promotions Agencies) in some circumstances. In a general sense, incentives are given to registered business enterprises from a registered business or activity (RBA), which are either classified as export enterprise (EE) or domestic market enterprise (DME). The term RBA is trivial in this case, as it should be consistent with the Strategic Investment Priority Plan (SIPP). SIPP pertains to priority projects or activities that intend (i) to create high-skilled jobs to grow a local pool of enterprises, particularly micro, small, and medium enterprises (MSMEs), that can supply domestic and global value chains, (ii) to increase the sophistication of products and services that are produced and/or sourced domestically, (iii) to expand domestic supply and reduce dependence on imports, and (iv) to attract significant foreign capital or investment. SIPP shall be valid for three years, subject to review and amendment thereafter.

Export enterprise gets the most prolonged incentive period of 17 years in total – including 4-7 years of income tax holiday (ITH), subject to tier and location of the registered activity tests as provided under the SIPP. The higher the Tier of the project (Tier III) or activity and the farther/ highly undeveloped (outside NCR and Metropolitan Areas) the project location is, the greater the chance to obtain the most prolonged incentive period of 17 years. On the other hand, DME would only be allowed up to the incentive period of 12 years at most - including the 4-7 years ITH, again subject to tier and location rules. The industry and localization prioritization (tiering) shall be subject to review and revision every three years in accordance with SIPP.

One notable difference between the export enterprise and DME when it comes to incentives availment is the availability of post-ITH options. DME would only be allowed to enhance the deductions (ED) option, while export enterprises may opt for 5% Special Corporate Income Tax (SCIT) or ED after the 4-7 years ITH.

1) Other Conditions for tax incentives availment (under 295) include:

- Duty exemption on imported capital equipment, raw materials, spare parts, or accessories applies only to registered activity unless otherwise permitted by IPAs for non-registered activity and subject to the payment of corresponding duties. If sold, disposed of, or transferred within five (5) years without approval, the corresponding duty exemption shall be paid twice. If sold after five (5) years with notice but committed violation, the corresponding duties on the net book value of capital equipment shall be paid.
- VAT exemption on importation and VAT zero-rating on local purchases shall apply only to goods and services directly and exclusively used in the registered project or activity.
- Exemption from duties and taxes, and other fees on Covid-19 vaccine importation, subject to the approval of the Department of Health (DOH) or the Food and Drug Administration (FDA).
- Exemption from the payment of applicable duties and taxes upon importation of Crude oil intended to be refined in local refinery, except those for resale whether in customs territory or Freeport.

2)Enhanced deductions (under 294) that generally applicable to domestic market or export enterprise include:

PARTICULARS (Additional Deduction)	PRE-CREATE	CREATE (Under ED)
10% additional depreciation allowance for buildings acquired for the entity's production of goods and services	100%	110%
20% additional depreciation allowance for machineries & equipment acquired for the entity's production of goods and services	100%	120%
50% additional labor expense deduction due to an increase of direct local employment	100%	150%
100% additional deduction on the increment of **research and development** incurred provided that it is directly related to the registered activity	100%	200%
100% additional trainings deduction incurred given to employees engaged directly in the entity's production	100%	200%
50% additional deduction on the increment of the **domestic input expense** provided that it is directly related to the registered activity	100%	150%
50% additional deduction on power expense	100%	150%
50% deduction for reinvestment allowance from the manufacturing enterprise's undistributed profits or surplus within 5 years in any of SIPP listed activities	-	50%
5-Year Enhanced net operating loss carry-over **(NOLCO)** which may be carried over as deduction from gross income	-	5 years

Other CREATE's additions to the Code are as follows:

- Introducing the general provisions on tax incentives which include scope and coverage and extent of coverage and authority of the Fiscal Incentives Review Board and/or Investment Promotion Agencies to grant incentives.(50)
- Introducing the tax incentives, which include: (51)
  - Income Tax Holiday (ITH)
  - Special Corporate Income Tax (SCIT) of 5% for activities classified as critical and tier levels (Vetoed by the President) (52)
  - Enhanced deductions
  - Duty exemption on importation of capital equipment, raw materials, spare parts, or accessories
  - VAT exemption on importation and VAT zero-rating on local purchase
- Instituting the Fiscal Incentives and Review Board (FIRB) with its expanded functions. (53)
- Outlining the formulation of Strategic Investment Priority Plan (SIPP) for qualified projects and activities for tax incentives availment to consider investment, employment generation, exports, use of modern technology, processes, and innovation, among others, and aligned with priorities set by Philippine Development Plan. (54)
- Incorporating the power of the President to grant incentives, modify the mix, period or manner of availment of incentives, subject to the recommendation of FIRB. (55) (Vetoed by the President) (56)
- Guiding provision that SIPP may be amended subject to the publication requirements. (57)
- Setting qualifications of registered business enterprise (RBE) for tax incentives to include meeting performance metrics, installation of adequate accounting system which is capable of separating registered from non-registered activities, e-receipting and e-sales requirements, and disclosure of beneficial ownership and related parties. (58)
- Mandating RBEs to file a complete annual incentive report (TIMTA) together with the filing of tax returns and similar reports, and be subjected these RBEs to monitoring and evaluation, and sanctions for non-compliance. (59)
- Setting up transitory and miscellaneous provisions on the prohibition of registered activities, and establishment of One-Stop Action Center. (60)
- Adding Sunset or Transitioning provisions to RBEs prior to CREATE, which include: (61)
  - ITH incentives granted prior to the effectivity of CREATE shall be allowed to continue with ITH for the remaining period.
  - Those entitled to ITH and 5% Gross Income Tax shall be allowed to continue with ITH for the remaining period and avail of the 5& Gross Income Tax for 10 years.
  - Those currently enjoying the 5% Gross Income Tax shall continue with 5% GIT for 10 years.

POGO TAXATION

This edition highlights POGOs' (Philippine Offshore Gaming Operations) taxation that prescribes a 5% franchise tax on gross gaming revenues and a 25% regular tax on net taxable income from non-gaming revenues. It further imposes taxes to foreign individuals (aliens) employed by POGOs at 25% tax on their gross income and a penalty of P20,000.00 for each employed foreigner who is found to be non-compliant with TIN requirements.

F. VETOED Provisions

CREATE's proponents came out victorious upon the law's signing in 2021, yet faced with a heavy price. These are the direct veto provisions by the President, which the undersigned find just and fair.

1) Increasing the VAT-exempt threshold on the sale of real property from P1.50M to P2.50M on the sale of residential lots and from P2.50M to P4.20M on the sale of residential houses and lots and other residential dwellings. If not vetoed, the estimated revenue loss from the amended version is P155.3 billion for the period from 2020 to 2030, which could be used in public goods to benefit the poor directly.

2) The 90-day period for processing general tax refunds as the President finds it incumbent upon the BIR to exercise utmost diligence in granting such refunds. If not vetoed, following the hard deadline, though it appears good on paper, it might either cause damage to the government if the BIR acts haphazardly or cause more delays to the prejudice of the taxpayers if the BIR chooses the more convenient option of simply denying applications given the time constraints.

3) Definition of Investment Capital "excludes the value of land and working capital." If not vetoed, it may lead to underestimating the investment promotion performance.

4) Redundant incentives for domestic enterprises, which refer to the (i) 1st, 2nd, and certain provisions of 4th paragraphs of §294(B), (ii) words "domestic market enterprise" and "critical" on 2nd line of a paragraph of §294(C), (iii) 1st paragraph of §295(B), (iv) 1st paragraph of §296(A), (v) provisos "not classified as critical" and "special corporate income tax (SCIT) or" in the 1st paragraph of §296(B), 2nd paragraph of §296(B), (vi) line "and critical domestic market activities" in the 14th paragraph of §296(B), and all mentions of /SCIT for domestic market activities thereof at §296(B). If not vetoed, the SCIT rate for domestic market enterprises, which is in lieu of all local and national taxes, is redundant, unnecessary, and weakens the fiscal incentives system. The "generous, targeted, and performance-based" enhanced deductions(ED) to domestic activities in priority sectors under CREATE law are already sufficient incentives.

5) Allowing existing registered activities to apply for new incentives for the same activity on top of the original period of incentives enjoyment is fiscally irresponsible and utterly unfair to the ordinary taxpayer and unincentivized enterprises. RBEs interested in further enjoying incentives must engage in new activities or projects incentivized in the SIPP.

6) Limitations on the power of FIRB to grant tax incentives to registered projects or activities with an investment capital of more than P1.0 billion. If not vetoed, the current practice of granting incentives without a regular impact analysis conducted and without regard to the final cost to the government is unacceptable and inconsistent with the theme of TIMTA, which emphasizes fiscal accountability and transparency in the grant and management of tax incentives.

7) Specific industries mentioned under activity tiers (involving 9th and 12th paragraphs of §296(B) of the Tax Code.) If not vetoed, CREATE Act would be inflexible to keep up with the changing times. Activities and projects should not be hard coded in the law so that it does not keep on incentivizing obsolete industries and should not close doors to technological advances and industries of the future.

8) Provision under §301 granting the President the power to exempt any investment promotion agency (IPA) from the reform. If not vetoed, such a provision would oppose the government's steps in rationalizing its fiscal incentives system. It can also be used as a highly political tool in dismantling and disregarding studies and discussions based on empirical evidence. Further, exempting any IPA from the CREATE Act, which provides for transparency, accountability, and proper administration of tax incentives, may be used as an escape from the accountability measures.

9) Automatic approval of the application for incentives if not acted upon within twenty (20) days from the date of submission of the application and its relevant/ complete supporting documents to the FIRB or IPA, as the case may be. If not vetoed, it runs counter to the declared policy, that is, to approve or disapprove based on merit. The core of the reform is to develop a performance-based tax incentives system.

9 LABOR

The National Economic and Development Authority (NEDA) is positive that the country is able to sustain an optimistic labor market, leading toward a strong economic recovery impact of the COVID-19 pandemic. (62)

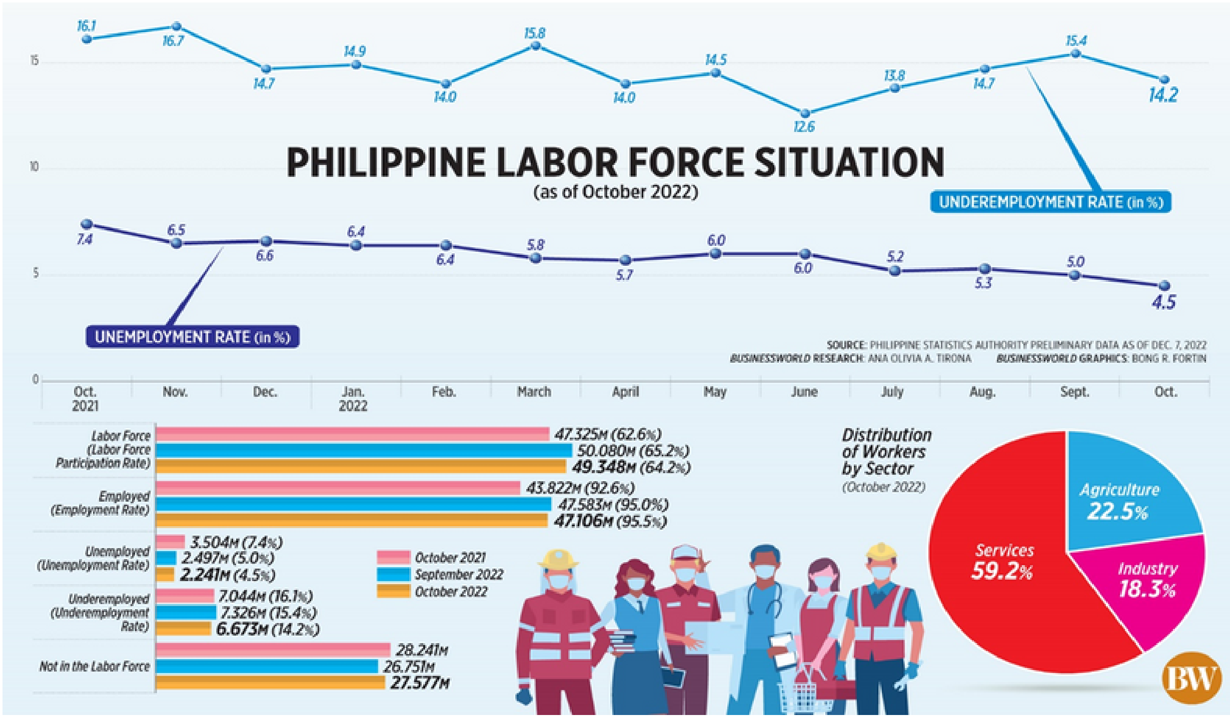
The government is encouraging more public-private partnerships to expand skills, development, and opportunities in the country, as it recognizes the private sector's significant contribution to economic development. The government is tilted toward reviving the industry back to its booming economic activities, which will lead to job creation. (63)

The Republic Act No. 11647, also known as the Amendments to the Foreign Investments Act (FIA) of 1991, which relaxes regulations to boost business sectors, has resulted in an influx in foreign investments, with the majority of these coming from top leading investors such as Japan, South Korea, and Singapore. According to the Philippine Statistics Authority (PSA), the approved foreign and Filipino nationals' investment in the 3rd quarter of 2022 increased by 58.4%, which is Php 159.18 billion over Php100.48 in the same quarter last year. The said total approved projects were projected to generate 28,139 jobs across the country. (64)

Foreign investors could previously only invest in small businesses if they hired at least 50 Filipino workers. With the new Act in place, foreign investors can start a business with a $100,000 minimum capital requirement as long as they hire at least 15 local workers and use advanced technology. (65)

As of October 2022, the country's employment rate increased to 95.5% from 95.0% in the previous month, the highest rate since January 2020. The number of employed Filipinos jumped from 43.82 million to 47.11 million compared to last year's period. The underemployment eased to 6.673 million in October, the lowest level since October 2019. The number of employed Filipinos in the Philippines reached a record 47.106 million in October, according to the Bureau of Labor Statistics (BLS). (66)

In October 2022, about 49.35 million Filipinos, either employed or unemployed, aged 15 years and over, comprise the country's 64.2% labor force participation rate (LFPR). The labor force participation rate estimates an economy's active workforce. As an essential labor market measure, it indicates the percentage of all working-age people who are employed or actively seeking work. (67) The service sector dominated the employment market by broad industry groups, with the largest percentage of employed persons at about 59.2%. The agriculture and the industry sectors accounted for 22.5% and 18.3% of the employed persons, respectively. (68)



The top five sub-sectors with the highest increase in the number of employed persons as of October 2022 were wholesale and retail trade; repair of motor vehicles and motorcycles; transportation and storage; construction; accommodation and food service activities; administrative and support service activities; manufacturing; and education. However, sub-sectors of agriculture and forestry; human health and social work activities; water supply, sewerage, waste management, and remediation activities; public administration and defense; arts, entertainment, and recreation; and real estate activities declined in the number of employed persons. Geographically, unemployment rates are higher than the national rate in these six regions: Region VII, CALABARZON, NCR, MIMAROPA, Region VI, and Region III. (69)

10 ACCOUNTING AND REPORTING

Philippine Financial Reporting Standards, which are adapted from International Financial Reporting Standards, are imposed by the Philippine Financial Reporting Standards Council (PFRSC) and approved by the Securities and Exchange Commission (SEC). The disclosure requirements of statutory reports to be submitted by Philippine entities to various users of financial statements are extensive and detailed in nature.

The Philippines has three financial reporting frameworks:
1. Philippine Financial Reporting Standards (PFRS);
2. Philippine Financial Reporting Standard for Small and Medium-Sized Entities (PFRS for SMEs); and
3. Philippine Financial Reporting Standard for Small Entities (PFRS for SEs).

The Securities and Exchange Commission prescribes general financial reporting requirements set out in Revised Securities Regulation Code (SRC) Rule 68. The following financial reporting frameworks shall be followed using the criteria set under Revised SRC Rule 68:

Every registered company is required to keep complete books of accounts, journals, ledgers, and necessary documents to record cash receipts and disbursements and to support all the transactions entered into its books. An entity should keep all of its business and accounting records for a period of at least five (5) years in hard copy and ten (10) years in electronic copy.

FINANCIAL STATEMENTS

A complete set of financial statements should be prepared annually for submission to various government agencies. The standard requires a complete set of financial statements to comprise a statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows.

Listed companies should submit their complete set of financial statements, accompanied by a report issued by an independent Certified Public Accountant, to the Securities and Exchange Commission, government agencies, and other applicable users as necessary. Independent Certified Public Accountants, either individual, firm, or professional partnership, should be accredited by various regulating bodies regulating a specific industry, including the Securities and Exchange Commission (Group A, B, and C), Bangko Sentral ng Pilipinas (Central Bank), Board of Accountancy, Cooperative Development Authority, National Electrification Administration, Energy Regulatory Commission, Insurance Commission, among others.

Framework	Criteria
PFRS – Large and/or Public Interest Entities	>P350 Million total assets or >P250 Million total liabilities
	Holders of secondary licenses
	Those that are required to file financial statements under Part II of SRC Rule 68
	Those that are in the process of filing their financial statements for the purpose of issuing any class of instruments in a public market
	Such other corporations that the Commission may consider in the future as imbued with a public interest
PFRS for SMEs – Medium-Sized Entities	>P100 Million to P350 Million total assets or >P100 Million to P250 Million total liabilities
	Those that are required to file financial statements under Part II of SRC Rule 68
	Those that are in the process of filing their financial statements for the purpose of issuing any class of instruments in a public market
	Those that are not holders of secondary licenses
	Note: Other medium-sized entities are not required to adopt PFRS for SMEs and may instead apply, at their option, the full PFRSs such as when an SME is a subsidiary of a Parent Company reporting under the full PFRS
PFRS for SEs – Small Entities	Total assets or liabilities of P3 Million to P100 Million
	Those that are required to file financial statements under Part II of SRC Rule 68
	Those that are in the process of filing their financial statements for the purpose of issuing any class of instruments in a public market
	Those that are not holders of secondary licenses
	Those entities whose operations are not based or conducted in a different country with a different functional currency
	Note: Other small entities are not required to adopt PFRS for SEs and may instead apply, at their option, the full PFRSs/ PFRS for SMEs such as when an SE is a subsidiary of a Parent Company reporting under the full PFRS/ PFRS for SMEs

DIGITALIZATION OF FILING AUDITED FINANCIAL STATEMENTS (AFS)

Government agencies such as the Bureau of Internal Revenue (BIR) and the Securities and Exchange Commission (SEC) implemented online/ electronic portals to allow taxpayers to submit their AFS digitally.

BIR's ELECTRONIC AUDITED FINANCIAL STATEMENTS SYSTEM (EAFS)

Taxpayers may follow the steps below to use the EAFS portal:

1. Visit the eAFS website - https://eafs.bir.gov.ph/eafs/;

2. Register and create your account by clicking “Not Registered” located in the below right corner of the website;

3. Complete the following information and submit:
a.Taxpayer's information:
i.Company TIN;
ii. Registered Name;
iii. Company Email;
iv. RDO Code; and
v.SEC Number;
b.Authorized Tax Agent/Representative
i. TIN;
ii. First Name, Middle Name, and Last Name;
iii. Email; and
iv. Contact Number
c.Login Information
i. Username; and
ii. Password.

4. Check your registered email to validate your account. The BIR will send an email with the subject: “Activate your BIR AFS eSubmission Account”;

5. After you have activated the account, you may now log in using your registered USERNAME and PASSWORD;

6. On the home page, go to the left sidebar to upload files;

7. You may now upload the required documents;

8. Once you have uploaded all documents, click SUBMIT. The Statement of Undertaking appears. Read and click “Accept” to proceed; and

9. Ensure to save and/or print the message that shows successful submission and the email that will be sent to your registered email, as proof of submission.

SEC ELECTRONIC FILING AND SUBMISSION TOOL (EFAST)

The SEC requires that all AFS are filed through eFAST. To use the online tool, the Company and its authorized filers must register in the system. Companies may follow the steps below to use the EAFS portal:

1. Access the eFAST website (https://cifss-ost.sec.gov.ph/user/login);

2. Select “Enroll as Company”;

3. Fill out the Company Name and the SEC Registration Number;

4. Assign the Username, Email Address, and Password and click Submit;

5. eFast will send a confirmation link to your email to validate your enrolment;

6. Click the confirmation link and log in to eFAST using your username and password;

7. Complete the Company's Profile by filling out the required fields;

8. After completing the remaining steps, click Submit;

9. Check for the SEC email from the corporate email address, confirming the company's successful enrolment;

10. The Company may now use the account to add an authorized filer or submit the corporate reports;

11. Click Add Authorized Filer;

12. Fill out the authorized filer's name and contact details;

13. Upload the Board Resolution or the Secretary's Certificate that includes the name of the enrolled authorized filer and click submit;

14. eFAST will send an email to the registered email address of the authorized filer informing him of his registration;

15. Proceed to the eFAST website and fill out the required information and click submit;

16. Check your email and tick the Confirmation Link; and

17. You may now access the eFAST and start submitting the company's report.

11 UHY REPRESENTATION IN THE PHILIPPINES

UHY M.L. Aguirre & Co., CPAs, is a member of Urbach Hacker Young International Limited, a UK consulting firm. UHY is the brand name for the UHY international network.

UHY M.L. Aguirre & Co., CPAs (the ''Firm'') offers "Total Advisory eXperience (TAX)" to business enterprises and non-profit organizations, primarily banking institutions, savings & loans associations, manufacturing, gaming, online intermediaries, real estate, retail, travel, advertising, aerospace, export-oriented, foreign-controlled & affiliated companies, NGOs, cooperatives, electric cooperatives, and service entities. This unique advisory experience is predicated on a strong sense of professionalism that is highly personalized and responsive to its clients' requirements. It also maximizes the client's benefit.

The Firm is strong in the Micro, Small, and Medium Enterprises (MSMEs) market, which comprises nearly 99% of the country's economic enterprises, according to the 2020 MSME Statistics provided by the Department of Trade and Industry (DTI). Its specialization in fraud audit, tax reviews, internal control systems, and cost structures, in addition to its attestation function, has propelled it to new and greater heights, gaining for itself a foothold in the business sector of large corporate players. In every engagement, it emphasizes areas for improvement that strengthen its clients' internal control and reporting systems, thus improving the client's decision-making.

Compliant with government and standards requirements, the Firm has secured major accreditations from regulatory bodies such as the Securities & Exchange Commission (SEC), Central Bank of the Philippines (BSP), Insurance Commission (IC), National Electrification Administration (NEA), Cooperative Development Authority (CDA), Professional Regulations Commission Board of Accountancy (PRC BOA), Bureau of Internal Revenue (BIR) and Public Company Accounting Oversight Board (PCAOB) boosting its stature in public accounting practice. Strong linkages with local and foreign organizations are foreseen as one of the potent factors in achieving its vision to be among the country's Top 10 accountancy services providers.

SOURCES

1. https://psa.gov.ph/foreign-investments/technical-notes
2. https://www.worldbank.org/en/country/philippines/overview#3
3. https://www.manilatimes.net/2022/08/02/business/top-business/neda-lists-growth-drivers/1853081
4. https://en.wikipedia.org/wiki/Tourism_in_the_Philippines
5. https://tradingeconomics.com/philippines/industrial-production
6. https://www.outsourceaccelerator.com/guide/top-40-bpo-companies-in-the-philippines/
7. AMRO keeps PH growth forecast for 2022, revises 2023 outlook | Philippine News Agency (pna.gov.ph), https://www.bworldonline.com/economy/2022/11/24/489320/moodys-analytics-downgrades-philippine-growth-outlook-to-6-7/, Philippines on track to lose growth momentum in 2023 -World Bank | Reuters, Asian Development Outlook (ADO) 2022 Supplement: Global Gloom Dims Asian Prospects (adb.org), Oxford Economics raises Philippine GDP growth forecast to 7% | Philstar.com
8. Philippine inflation rose further to 8.1% in December | Inquirer Business
9. Regional Comprehensive Economic Partnership (RCEP) | Department of Trade and Industry Philippines (dti.gov.ph)
10. The Philippines and the RCEP | Philstar.com
11. Sustainability Reporting Guidelines for Publicly-Listed Companies | Grant Thornton, ESG (Environmental, Social and Governance) - Overview and Framework (corporatefinanceinstitute.com), Environmental, Social, and Governance (ESG) Reporting in the Philippines (kittelsoncarpo.com)
12. SEC issues Memorandum Circular No. 24, Series of 2019, on the adoption of the Code of Corporate Governance for Public Companies and Registered Issuers - Cruz Marcelo
13. President Bongbong Marcos' First SONA Stressed These Plans (esquiremag.ph)
14. National Health Insurance Program (NHIP) which includes primary care; medicines, diagnostics and laboratory; and preventive, curative, and rehabilitative services.
15. Philippines Telecom Operators Country Intelligence Report - market research. https://www.marketresearch.com/GlobalData-v3648/Philippines-Telecom-Operators-Country-Intelligence-30129190/
16. The Philippine Telecommunications Market. https://www.trade.gov/market-intelligence/philippine-telecommunications-market
17. The Philippines has the highest population of vlog watchers and https://www.campaignasia.com/article/the-philippines-has-the-highest-population-of-vlog-watchers-and-influencer-follow/475734
18. Philippines Telecoms Industry Report 2022: Overall Telecoms Markets, Mobile Market, Broadband, Fixed Telecoms Infrastructure Investments, Thematics / Opportunities 2015-2027 - ResearchAndMarkets.com https://finance.yahoo.com/news/philippines-telecoms-industry-report-2022
19. https://www.bsp.gov.ph/Media_and_Research/Primers%20Faqs/Bills_Pay_PH-FAQs.pdf
20. https://www.philstar.com/business/2022/12/18/2231488/bsp-urges-gift-givers-go-digital
21. https://www.alipayplus.com/ https://www.trade.gov/country-commercial-guides/philippine ecommerce#:~:text=In%202021%2C%20the%20Philippines%20eCommerce,with%2017%25%20growth%20through%202025.
22. https://ecommerce.dti.gov.ph/madali/images/eCommerce_Philippines_Roadmap_2022.pdf
23. https://www.statista.com/statistics/1040590/apac-e-commerce-share-of-total-retail-by-country/
24. https://www.jll.com.au/en/trends-and-insights/research/philippines-real-estate-under-the-new-administration
25. https://www.pna.gov.ph/articles/1180076; Firm sees recovery in PH property sector in 2022 - TrueID. https://trueid.ph/article/news/sub/business/KwvalN2P9yVX/firm-sees-recovery-in-ph-property-sector-in-2022
26. www.jll.com.au/en/trends-and-insights/research/philippines-real-estate-under-the-new-administration
27. www.crownasia.com.ph/news-and-blogs/lifestyle-blogs/selected/what-should-we-expect-from-the-ph-real-estate-industry-towards-the-end-of-2022
28. https://www.crownasia.com.ph/news-and-blogs/lifestyle-blogs/selected/what-should-we-expect-from-the-ph-real-estate-industry-towards-the-end-of-2022
29. https://www.bsp.gov.ph/Media_And_Research/Publications/ReportonRecentTrends2022-08.pdf
30. Philippines revises 2022, 2023 c/a projections Reuters, https://www.reuters.com/business/finance/philippines-revises-2022-2023-ca-projections-2022-12-09/
31. https://industry.gov.ph/category/manufacturing/
32. https://industry.gov.ph/manufacturing-resurgence-program/
33. https://tradingeconomics.com/philippines/industrial-production
34. https://www.marketresearchphilippines.com/insight/the-future-of-the-philippines-manufacturing-industry
35. 6 of Rev..Reg. No. 5-2021
36. 1 of R.A.11635 or An Act Amending Sec. 27(B) of NIRC, as amended, and for Other Purposes.

SOURCES

38. 20(C) of the NIRC, as amended by the R.A. 11534 (CREATE law).
39. 22(B) of the NIRC, as amended by the R.A. 11534 (CREATE law).
40. §25(A)(2) of the NIRC, as amended by the R.A. 11534 (CREATE law).
41. §29 of the NIRC, as amended by the R.A. 11534 (CREATE law).
42. §34(A)(1)(a)(v) of the NIRC, as amended by the R.A. 11534 (CREATE law).
43. (B)(1) of the NIRC, as amended by the R.A. 11534 (CREATE law).
44. 40(C)(2) of the NIRC, as amended by the R.A. 11534 (CREATE law).
45. 40(C)(6)(c) of the NIRC, as amended by the R.A. 11534 (CREATE law).
46. 57 of the NIRC, as amended by the R.A. 11534 (CREATE law).
47. 116 of the NIRC, as amended by the R.A. 11534 (CREATE law).
48. 2nd VETOED Provision by PRRD. Old Provision remains.
49. 290(5) of the NIRC, as amended by the R.A. 11534 (CREATE law).
50. 91-292 of the Tax Code, as codified under R.A.11534 or the CREATE Law of 2021 (Introduced under Title XIII).
51.294 & 296 of the Tax Code, as codified under R.A.11534 or the CREATE Law of 2021 (Introduced under Title XIII).
52.4th VETOED Provision by PRRD under Redundant Incentives for domestic enterprises.
53. 297-299 of the Tax Code, as codified under R.A.11534 or the CREATE Law of 2021 (Introduced under Title XIII).
54. 300 of the Tax Code, as codified under R.A.11534 or the CREATE Law of 2021 (Introduced under Title XIII).
55. 301 of the Tax Code, as codified under R.A.11534 or the CREATE Law of 2021 (Introduced under Title XIII).
56. 8th VETOED Provision by PRRD under Par. H - Provision granting the President the power to exempt any IPA from the reform.
57. 302-303 of the Tax Code, as codified under R.A.11534 or the CREATE Law of 2021 (Introduced under Title XIII).
58. 304 of the Tax Code, as codified under R.A.11534 or the CREATE Law of 2021 (Introduced under Title XIII).
59. 305-308 of the Tax Code, as codified under R.A.11534 or the CREATE Law of 2021 (Introduced under Title XIII).
60. 309-310 of the Tax Code, as codified under R.A.11534 or the CREATE Law of 2021 (Introduced under Title XIII).
61. 311 of the Tax Code, as codified under R.A.11534 or the CREATE Law of 2021 (Introduced under Title XIII).
62. PH SUSTAINS STRONG RECOVERY, UPBEAT LABOR MARKET – NEDA, https://neda.gov.ph/ph-sustains-strong-recovery-upbeat-labor-market-neda/
63. NEDA IX conducts Regional Development Plan 2023-2028formulation workshophttps://nro9.neda.gov.ph/neda-ix-conducts-regional-development-plan-2023-2028formulation-workshop/
64. Approved Foreign Investments Reached PhP 13.05 Billion in Third Quarter 2022Reference No.: 2022-462Release Date: 15 November 2022; https://psa.gov.ph/foreign-investments-press-releases
65. Republic Act No. 11647: Amendments to Foreign Investments Act (FIA) of 1991 https://platonmartinez.com/articles/republic-act-no-11647-amendments-to-foreign-investments-act-fia-of-1991
66. Philippine labor force situation https://www.bworldonline.com/top-stories/2022
67. Labor Force Participation Rate: Purpose, Formula, and Trends, https://www.investopedia.com/terms/p/participationrate.asp
68. Employment rate continues to improve under PBBM admin; Total employed Filipinos now at 47.11 million, https://mirror.pia.gov.ph/news/2022/12/07/employment-rate-continues-to-improve-under-pbbm-admin-total-employed-filipinos-now-at-4711-million
69. https://psa.gov.ph/system/files/Press%20Release%20for%20October%202022%20LFS.pdf
70. https://www.sec.gov.ph/corporate-governance/asean-corporate-governance-scorecard/
71. https://www.icd.ph/courses-7/acgs-2022-golden-arrow-awards, https://manilanews.ph/corporate-governance-in-the-philippines/
72. https://www.dar.gov.ph/articles/news/103830
73. https://www.pna.gov.ph/articles/1178063
74. https://www.pna.gov.ph/articles/1178410
75. https://www.pna.gov.ph/articles/1179761
76. https://www.pna.gov.ph/articles/1180005
77.https://news.abs-cbn.com/news/09/08/22/marcos-touts-p804-b-in-investment-pledges-from-state-visits
78. https://www.manilatimes.net/2023/01/17/business/top-business/ofw-remittances-hit-293b-in-nov/1874499
79. [1] https://dotr.gov.ph/55-dotrnews/3878-the-transport-for-the-future-is-here.html
80. https://dotr.gov.ph/55-dotrnews/2267-project-of-the-century.html
81. https://ppp.gov.ph/in_the_news/dpwh-identifies-more-priority-ppp-projects/
82. https://www.deped.gov.ph/category/procurement/bid-opportunities/

CONTACT US

Michael L. Aguirre, CPA, MBA, MST
Senior Partner
+632 892 2568
mike.aguirre@mlaguirre.org

Dino Sison, CPA
Partner
+632 892 2568
dondon.sison@mlaguirre.org

Aireylica Caguete, CPA
Director
+632 892 2568
aireylica.caguete@mlaguirre.org

May Fe Virola, CPA, CTT
Tax Manager
+632 892 2568
mayfe.virola@mlaguirre.org

Kyll Marcos
Accounting Manager
+632 892 2568
kyll.marcos@mlaguirre.org

AUTHORS and CONTRIBUTORS:

JONAH-LYN COLONA
jonah-lyn.colona@mlaguirre.org

CLEOMELIA ENGCOY
cleomelia.engcoy@mlaguirre.org

RAI ANNE GOMEZ
rai.gomez@mlaguirre.org

RODEL IMPERIAL
rodel.imperial@mlaguirre,org