



NATIONAL
COMPETITIVENESS
COUNCIL | PHILIPPINES



EASE OF DOING BUSINESS IN THE PHILIPPINES

RESPONDENTS' BRIEFING

Friday, 5 February 2016, 11:30 a.m.

JV Del Rosario Hall 4th Flr, AIM Conference Center, Benavidez corner
Trasierra Streets, Legaspi Village, Makati City

PROJECT OVERVIEW

The National Competitiveness Council (NCC) is a public-private sector body dedicated to build the long-term competitiveness of the Philippines through policy reforms, project implementation, institution-building, performance monitoring, and goal-setting.

Improving the business environment has been recognized in the Philippine Development Plan as a key strategy in enhancing national competitiveness and contributing to economic growth and employment. Yearly, the National Competitiveness Council (NCC) crafts the Gameplan for Competitiveness with the goal of simplifying government processes and making them more business-friendly.

The Doing Business Report measures the ease of doing business across ten processes which a business must undertake with several government agencies over its typical life cycle: Starting a Business, Dealing with Construction Permits, Getting Electricity, Registering Property, Getting Credit, Protecting Investors, Paying Taxes, Trading across Borders, Enforcing Contracts, and Resolving Insolvency.

Based on these processes, ten work teams have been organized to develop and implement reforms in the business regulatory environment. Each work team is composed of representatives from the different national government agencies involved in each process, plus private sector advisors and local government unit (LGU) officers. (The LGU measured in the report is Quezon City.)

Following the approval of the Gameplan by the Economic Development Cluster, the NCC has been working closely with IFC Manila and Washington, as well as the Philippine Embassy in Washington, to review Philippine reform initiatives that would deliver results.

Through validation workshops, each team has come up with targets per indicator, action plans, and targets. These have been complemented by videoconference calls with IFC Washington to ensure that initiatives will translate to improved rankings in the Doing Business Report. The targets were benchmarked against top-performing ASEAN countries per indicator.

In 2013, to ensure the implementation of these targets, President Aquino signed Administrative Order No. 38 creating an inter-agency task force to initiate, implement, and monitor ease of doing business reforms. The order provides for the inclusion of the reform targets in the performance-based incentive system of all agencies concerned.

Since then, the workteams has been actively participating in working together to ease the doing business in the Philippines. In line with this, from 2011-2016, the Philippines has been recognized as one of the most improved economy moving up 45 notches from No. 148 to No. 103.

Last year, the taskforce has come up with a total of 22 reforms and 9 updates across all the ten indicators which was submitted to IFC for consideration.

By streamlining business processes and utilizing technology, and of course with all the agencies working together, the NCC hopes to raise Philippine competitiveness rankings from the bottom third to the top third in the world by 2016.

‘DOING BUSINESS’ MADE EASIER

Thanks to the efforts of the inter-agency Task Force on Ease of Doing Business, it is now easier to do business in the Philippines. Don't get left behind with outdated practices. Get informed and take advantage of less requirements, shorter processing times, and more convenient systems to better serve your clients.

These improvements have been designed across the ten processes under the DB report which a business must undertake with government.

The reforms per process are outlined in the succeeding pages.

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1. STARTING A BUSINESS

Starting a Business, measures the paid-in minimum capital requirement, number of procedures, time and cost for a small- to medium-sized limited liability company to start up and formally operate.

In the Doing Business Report, the business is assumed to be a corporation to be registered in Quezon City.

On this indicator, the Philippines ranked 165 out of 189 economies. The process requires 16 steps and takes 29 days. This has been reduced to 6 steps and 8 days as shown in the chart below.

Starting a Business is now FASTER through the use of online platforms, deleting and merging of steps, as detailed below:

Old Procedures

1 Verify and reserve the company name with SEC (1 day, Php 40)	5 Obtain barangay clearance. (1 day, Php 500)	9 Apply and pay for Certificate of Registration and obtain TIN at BIR. (1 day, see procedure details)	13 Have books of accounts and Printer's Certificate of Delivery stamped by BIR. (1 day, Php 0)
2 Deposit Paid in Capital at the bank (1 day, Php 0)	6 Pay annual community tax and obtain community tax certificate. (1 day, Php 500)	10 Pay registration fee and documentary stamp taxes (1 day, see procedure details)	14 Register with SSS. (7 day, Php 0)
3 Notarize articles of incorporation and treasurer's affidavit. (1 day, Php 500)	7 Obtain business permit from BPLO. (6 days, see procedure details)	11 Obtain authority to print receipts and invoices from BIR. (1 day, Php 0)	15 Register with PhilHealth. (1 day, Php 0)
4 Register the company with SEC and receive pre-registered TIN. (2 days average, see procedure details)	8 Buy special books of account at book-store. (1 day, Php 400)	12 Print receipts and invoices. (7 days, Php 3,500)	16 Register with Pag-IBIG. (1 day, Php 0)

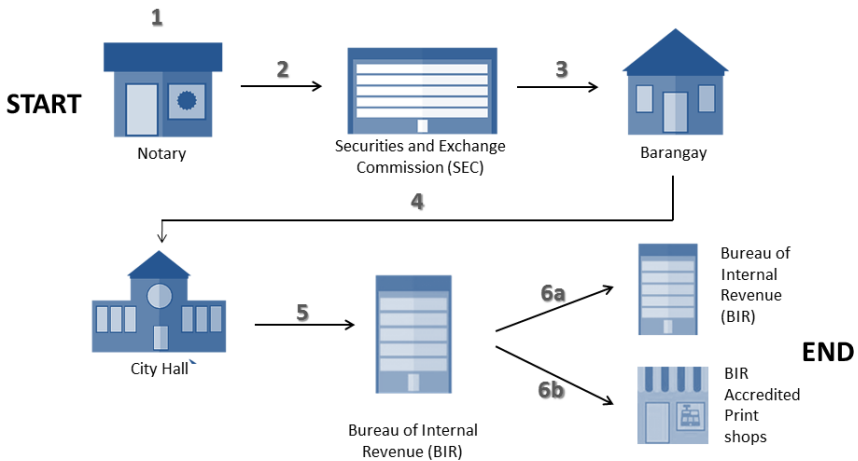
16 Steps which can be completed in 29 days

New Procedures

- 1** Prepare articles of incorporation, by-laws, and treasurer's affidavit signed by the incorporators for notarization.
1 DAY
- 2** Obtain SEC Registration Number, BIR Tax Identification Number Pag-IBIG fund, PhilHealth, and SSS Employer numbers (ERNs) at the Securities and Exchange Commission through its Integrated Business Registration System. Applicant will receive a Unified Registration Form (URF).
1 DAY
- 3** Obtain Barangay Clearance
1 DAY
- 4** Obtain Business Permit to Operate from the Business Process and Licensing Office and pay necessary fees
2-3 DAYS
- 5** Secure Certificate of Registration and Registration of Books of accounts at the Bureau of Internal Revenue (BIR)
1 DAY
- 6**
 - A. Registration Cash Register Machine (CRM) / Point of Sale (POS)
1 DAY
 - B. Secure Authority to Print Receipts/ Invoices (Manual Receipts)
1-7 DAYS

6 steps which can be completed in 8 days

Agencies Flow Chart



Reform Details:

1. The Securities and Exchange Commission (SEC), together with the Social Agencies, namely Social Security System (SSS), Home Development Mutual Fund (HDMF or the Pag-IBIG Fund) and Philippine Health Insurance Corporation (PhilHealth), developed an online business registration system known as the Integrated Business Registry System (IBRS). The IBRS reduces the number of steps and days in starting a business by generating SEC Registration Number, Tax Identification Number and Employers Registration Number for each of the three Social Agencies in just one application. SEC reported that majority of companies were able to register through the IBRS within 1 day. IBRS is now fully operational in the National Capital Region where majority of the country's incorporations are registered. From April 15, 2015 to December 30, 2015, a total of 17,666 corporations were processed and 99.62% or a total of 16,665 corporations of the total registration applications for the period were approved within one business day.
2. The SEC sought to remove the requirement for depositing the paid-in minimum capital at the bank.
3. The Local Government Unit of Quezon City (QC LGU) signed a Memorandum of Agreement with the Department of Interior and Local Government (DILG) and the National Competitiveness Council (NCC) to reduce the business application procedures in the City to 1 or 2 days. The City now has its Online Registration for New Corporations that accepts business registrations for new corporations, partnerships, foundations, and cooperatives.
4. The Local Government of Quezon City (QC LGU) reiterates that payment of community tax has been part of QC LGU's payment of all fees and charges since 2012. Thus, there is no need for a separate Step 6 in the current procedure as reported in DB 2015.
5. The Bureau of Internal Revenue (BIR) and the SEC extended the application of their signed guidelines on pre-generated TIN to the usage of SEC's IBRS.

6. The BIR revisited an earlier revenue regulation to serve a basis to remove the requirements for special books of account, authority to print receipt and invoices, and stamping of books of accounts and Printer's Certificate of Delivery. Payment of the registration fee and documentary stamp taxes (DST) at authorized agent banks has been merged with the new step on obtaining Certificate of Registration. These are all included in one circular.

7. BIR allows companies to buy and use point-of-sale cash register machines, in lieu of printing of receipts and invoices at BIR-accredited print shops.

For more info: <http://www.competitive.org.ph/doingbusiness/StartingaBusiness.html>

2. DEALING WITH CONSTRUCTION PERMITS

Dealing with Construction Permits measures procedures, time and cost to build a warehouse—including obtaining the necessary licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, this year Doing Business introduces a new measure, the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The warehouse is assumed to have two storeys and will be built in Quezon City.

According to the latest Doing Business Report, the entire process takes 24 steps and 98 days in the Philippines. This has been cut down to 16 steps and 61 days based on the reforms.

Old Procedures

1. Obtain CTC of Land Title from Registry of Deeds (LRA-RD) 4 days	9. Receive inspection from BFP during Construction 1 day	17. Receive final inspection for the certificate of occupancy from the OBO 1 day
2. Obtain Lot plan with Site map from Geodetic Engineer 3 days	10. Apply for FSIC at the BFP 1 day	18. Obtain the certificate of occupancy from the OBO 18 days
3. Obtain Barangay Clearance 1 day	11. Receive final inspection for the FSIC from the BFP 1 day	19. Apply for water and sewage connection. Manila Water 1 day
4. Apply for Locational Clearance (CPDO) 1 day	12. Obtain the FSIC from the BFP 5 days	20. Receive inspection for water and sewage connection. Manila Water 1 day
5. Receive Inspection for Locational Clearance (CPDO) 1 day	13. Apply for the Certificate of Final Electrical Inspection (CFEI) at the OBO 1 day	21. Obtain water and sewage connection from Manila Water 21 days
6. Obtain Locational Clearance (CPDO) 5 day	14. Receive final inspection for the CFEI from the OBO 1 day	22. Apply for the tax declaration of improvement at CAO 1 day
7. Apply and Obtain FSEC form BFP Fire Mashall (BFP) 7 days	15. Obtain the CFEI from the OBO 3 days	23. Receive inspection from the appraiser of CAO 1 day
8. Apply and obtain Building permit and ancillary permits from OBO 21 days	16. Apply for the certificate of occupancy at the OBO 1 day	24. Obtain tax declaration of improvement from the CAO 3 days

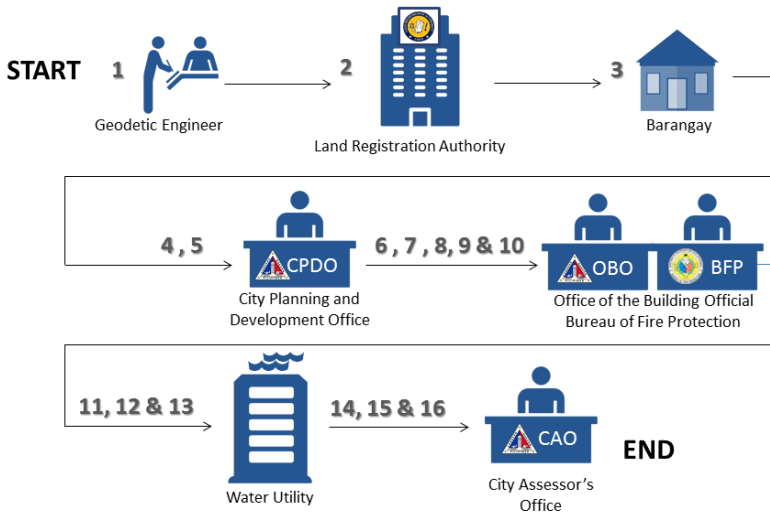
24 steps which can be completed in 98 days

New Procedures

- | | | | |
|--|---|---|---|
| 1. Obtain CTC of Land Title from Registry of Deeds (LRA-RD) 4 days | 6. Submit pre-approved and complete documentary requirements for the Building Permit and Ancillary Permits at the OBO | 9. Receive the following inspections:
- Final inspection for the FSIC from the BFP
- Final inspection for the CFEI from the OBO
- Final inspection for the certificate of occupancy from the OBO | 12. Receive inspection for water and sewage connection. Manila Water 1 day |
| 2. Obtain Lot plan with Site map from Geodetic Engineer 3 days | 7. Obtain the following clearance and permits at the OBO
- Fire Safety Evaluation Clearance
- Locational Clearance
- Building Permit and Ancillary Permits | 10. Obtain the following certificates at the OBO
- Fire Safety Inspection Certificate FSIC
- Certificate of Final Electrical Inspection CFEI
- Certificate of Occupancy | 13. Obtain water and sewage connection from Manila Water 21 days |
| 3. Obtain Barangay Clearance 1 day | 8. Apply for the following at the OBO:
- Fire Safety Inspection Certificate
- Certificate of Final Electrical Inspection
- Certificate of Occupancy | | 14. Apply for the tax declaration of improvement at CAO 1 day |
| 4. Apply for the following at the City Planning and Development Office (CPDO)
- Locational Clearance
- Fire Safety Evaluation Clearance
- Pre-approval of Architectural plans | | | 15. Receive inspection from the appraiser of CAO 1 day |
| 5. Get the Pre-approved documents from the CPDO | | 11. Apply for water and sewage connection. Manila Water 1 day | 16. Obtain tax declaration of improvement from the CAO 3 days |

16 steps which can be completed in 61 days

Agencies Flow Chart



Reform Details:

1. Reduced steps and days from 24 and 94 to 16 and 61, as well as reduction of cost, through the reform implemented by the Local Government of Quezon City.

The Quezon City government allows and permits the Bureau of Fire protection to co-locate in the Department of Building Official's office to accept and process applications for Fire Safety Inspection Certificate, as well as in the issuance of the Fire Safety Evaluation Clearance.

For more info:

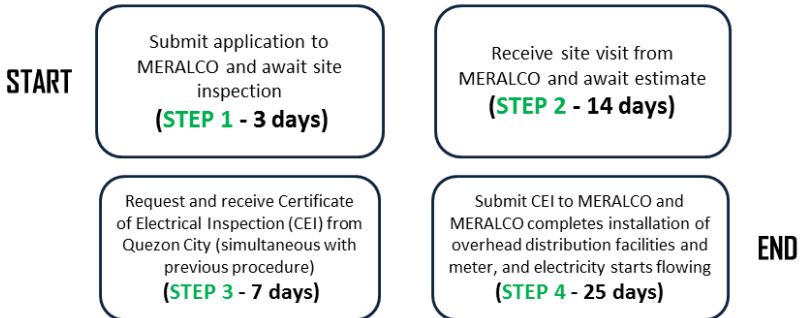
<http://www.competitive.org.ph/doingbusiness/DealingwithConstructionPermits.html>

3. GETTING ELECTRICITY

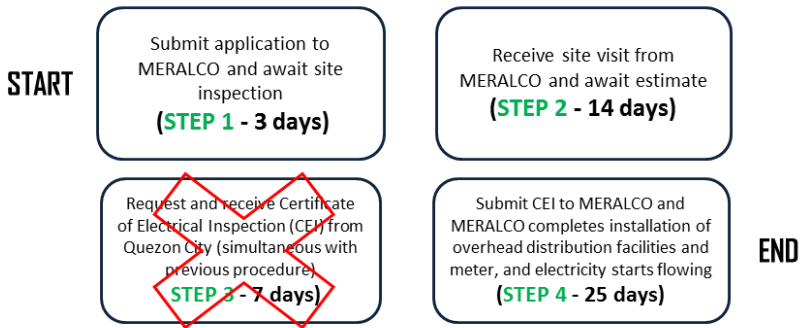
Getting Electricity takes into account all procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. In addition to assessing efficiency of connection process, new indicators were added to measure reliability of power supply and transparency of tariffs and the price of electricity.

Although Getting Electricity is the highest-ranking indicator for the Philippines, the ranking reflected a drop from 16th to 19th. This means that other countries have made it easier to get electricity. On this indicator, the process requires 4 steps and takes 42 days. This has been reduced to 2 steps and 38 days as shown in the chart below.

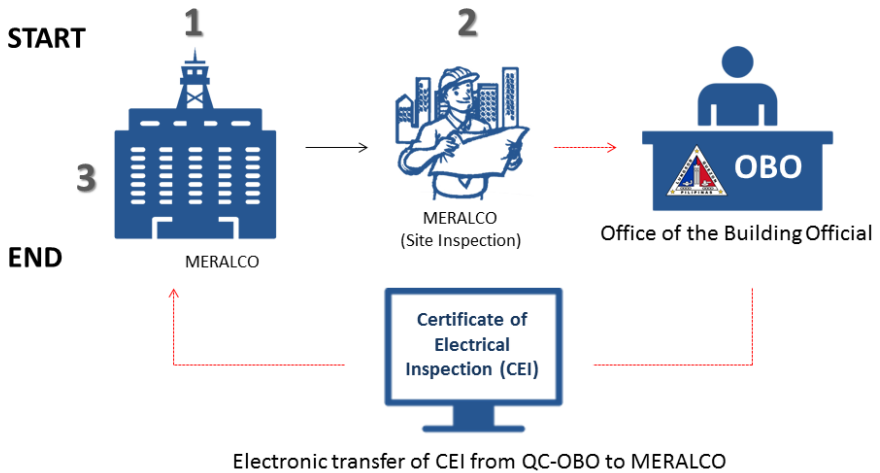
Old Procedures



New Procedures



Agencies Flow Chart



Reform Details

1. Development of an electronic transmittal of Certificate of Electrical Inspection by the Local Government of Quezon City and the Manila Electric Company (Meralco), which is part of the step on requesting and receiving Certificate of Electrical Inspection (Step 3) to MERALCO franchise. It no longer requires customers to go to Quezon City LGU to undergo the said procedure.

2. Issuance of the Distribution Services and Open Access Rules which contains the “Early Refund Policy” launched in 2012 allowing a customer who has paid his/her electric bills on or before due date (good payer) for 3 consecutive years, to receive full refund of the security deposit prior to the termination of his service. This has been fully implemented by MERALCO.

Update:

1. On the measures of quality of utility service, MERALCO uses System Average Interruption Frequency Index (SAIFI), Customer Average Duration Interruption Index (CAIDI), and System Average Interruption Duration Index (SAIDI).

REDUCTION OF COST

Security Deposit dropped from PhP 251,770 to P203,180 for 2016.

OTHER INITIATIVES

- Automatic Update of Bill Deposit

For more info: <http://www.competitive.org.ph/doingbusiness/GettingElectricity.html>

4. REGISTERING PROPERTY

Registering Property examines the steps, time and cost involved in registering property, for a business (buyer) to purchase a property from another business (seller) and to transfer the property title to the buyer's name so that the buyer can use the property for expanding his business, use the property as collateral in taking new loans, or sell the property to another business. In addition, this year Doing Business added an index of the quality of the land administration which measures the quality of land administration index: reliability of infrastructure, transparency of information, geographic coverage and land dispute resolution.

Electronic Certificate Authorizing Registration (eCAR)

The Bureau of Internal Revenue (BIR) developed a new web-based system called Electronic Certificate Authorizing Registration (eCAR).

BIR issued a Revenue Memorandum Circular No. 40-2014 dated May 12, 2014 with subject "Prescribing the Use of Electronic Certification Authorizing Registration (BIR Form No. 1313- for Transactions Involving Transfer of Real Properties and BIR Form No. 2313-P for Transactions Involving Transfers of Personal Properties)"

The system was developed in collaboration with the Land Registration Authority (LRA) to automate the manual processes in the preparation of Certificate Authorizing Registration (CAR), and to build a reliable database for the pre- and post- audit of one-time transactions.

The reform will reduce the number of obtaining Certificate Authorizing Registration from 14 days to 5-10 days.

eCAR Verification System

In partnership with BIR, the Land Registration Authority (LRA) enhanced its system to link with the BIR's eCAR System to automatically authenticate the CAR submitted by the transacting public at the Registries of Deeds, as one of the requirement in transactions involving Real and Personal Properties.

This linkage between LRA and BIR ensures that proper transfer taxes are collected by the government.

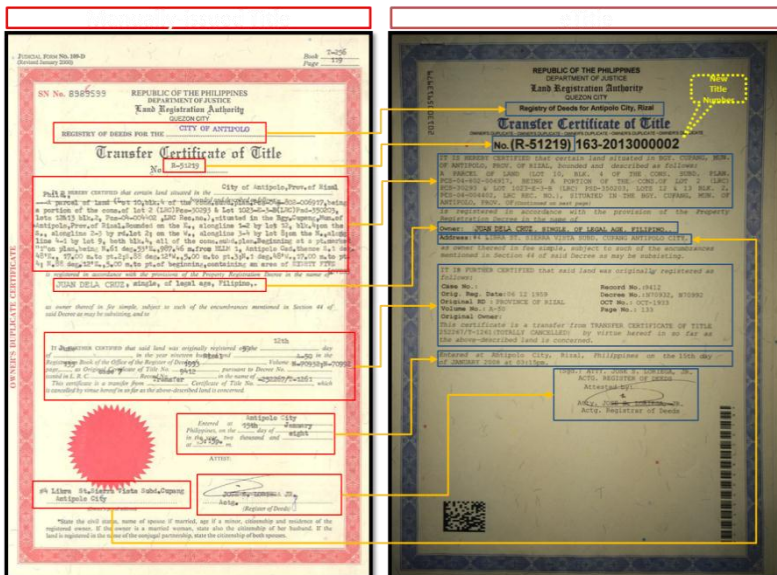
Merging LGU Procedures

Reduce Registering Property procedures from 9 to 7

Merge steps on obtaining Certified True Copy of latest tax declaration and certificate of “with improvement” from the City Assessor’s Office (CAO), Obtaining tax clearance certificate of real property taxes from the Land Tax Division of the City Treasurer’s Office (CTO), and Paying the transfer tax at the CTO.

Other Enabling Initiatives of LRA

- Conversion of Manually-issued Title to eTitle
- Voluntary Title Standardization Program
- Voluntary Annotation + eTitle (optional)
- Bulk-processing of Conversion to eTitle for Institutional Clients



- Original copies of titles kept in the RDs are protected from loss or destruction by storing this in its electronic original form, which are regularly backed-up, so that owners shall no longer go through the expensive and tedious process of title reconstitution.
- Transfer transactions involving e-titles would theoretically be processed faster because there would be no need to retrieve the physical original from the vault for examination and eventual cancellation.

For more info:

<http://www.competitive.org.ph/doingbusiness/RegisteringProperty.html>

5. GETTING CREDIT

Getting Credit explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending.

The rankings are based on the sum of scores on two indices. First, the Credit Information Index (0-8) which measures the coverage, scope and accessibility of credit information available through public credit registries or private credit bureaus. A score is assigned for each feature examined. Higher scores indicate the availability of more credit information which will facilitate the decision-making of firms. Second, the Legal Rights Index (0-12) measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and facilitate lending. Higher scores indicate that laws are better designed to expand access to credit.

According to the latest Doing Business Report, the Philippines earned a score of 5 out of 8 on the Credit Information Index and 3 out of 12 on the Legal Rights Index. The goal for the year was to improve the scores on Credit information Index from (3 of 8) to (8 of 8).

Getting Credit Information Index

Depth of credit information index (0–8)	OLD		NEW	
	Credit bureau	Credit registry	Credit bureau	Credit registry
Are data on both firms and individuals distributed?	YES	NO	YES	YES
Are both positive and negative data distributed?	YES	NO	YES	YES
Are data from retailers and utility companies, in addition to data from banks and financial institutions, distributed?	NO	NO	NO	NO
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component)	NO	NO	NO	YES
Are data on loan amounts below 1% of income per capita distributed?	YES	NO	YES	YES
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	YES	NO	YES	YES
*Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	YES	NO	YES	YES
*Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	NO	NO	NO	YES
Score	5/8		7/8	

Reform Details

1. Issuance of CIC Circular No. 2015-01 enforcing the Credit Information Act Pursuant to Republic Act No. 9510 and its Implementing Rules and Regulations.
2. Issuance of CIC Circular No. 2015-02 which sets deadline to credit card issuers; universal and commercial banks, including their trust departments; thrift banks, including their trust departments; rural banks and entities with quasi-banking license issued by the Bangko Sentral ng Pilipinas, including their subsidiaries and/or affiliates that are engaged in the business of providing credit; financing companies; government-owned and controlled corporations engaged in lending; large and medium cooperatives as defined by CDA; and insurance companies, mutual benefit associations and other similar entities supervised by the Insurance Commission; and non-stock-

savings and loan associations to submit all credit data in their possessions for the last five years prior to the effectivity of the circular.

3. CIC has already loaded six (6) Financial Institutions to its database: MetroBank Card, HSBC, RCBC, EastWest Banking, UnionBank, and Taloy Norte Multi-Purpose Cooperative. As of January 25, 2016 the total subjects loaded is 2,718,317 while the total contracts loaded is 7,264,779. In the month of Feb 2016 we expect an additional 3 million records to be uploaded.

4. Last November 2015, CIC has completed the first round stage of accrediting Special Accessing Entities (SAEs) by officially accepting the applications of five (5) international and one (1) local credit bureaus who expressed their intent to become the accredited CIC Credit Bureaus.

For more info: <http://www.competitive.org.ph/doingbusiness/GettingCredit.html>

6. PROTECTING INVESTORS

Protecting Investors measures the protection of minority investors from conflicts of interest and shareholders' rights in corporate governance using securities regulations, company laws, civil procedure codes and court rules of evidence as basis. The extent of conflict of interest regulation index measures the protection of shareholders against directors' misuse of corporate assets for personal gain. Whereas the extent of shareholder governance index measures shareholders' rights in corporate governance in three dimensions of good governance: extent of shareholder rights index, extent of ownership and control index, and extent of corporate transparency index

For this indicator, the Philippine ranked 155 out of 189 economies; scoring (4 out of 10) in the extent of conflict of interest regulation index and (4 out of 10) in the extent of shareholder governance index.

Regulatory Review

SEC created a taskforce to review regulations affecting the internal governance of corporations, regulations of related-party transactions, disclosure obligations, liability of company executives and access to evidence in civil litigations

Extent of Conflict of Interest Regulation Index

Extent of Disclosure Index

Sections 32 and 33 of the Corporation Code for Dealings by directors or officers of the Corporation; Article 8 of the Revised Code of Corporate Governance; 10 Minute Disclosure Rule of PSE

Extent of Director Liability Index

Section 31 of the Corporation Code

Ease of Shareholder Suits Index

Section 74 of the Corporation Code and Rule 27 of the Rules of Court

Extent of Shareholder Governance Index

Extent of Shareholder Rights Index

Section 40 of the Corporation Code, SEC Memorandum Circular No. 2, Series of 2009 (Amended Rules Governing Pre-emptive and other Subscription Rights and Declaration of Stock or Cash Dividends of Corporations Whose Securities are Registered Under the Revised Securities Act or Listed in the Stock Exchange)

Strength of Governance Structure Index

Article 3 (A) and (K)(i) of the Revised Code of Corporate Governance, Section 19 of the Securities Regulation Code

Extent of Corporate Transparency Index

Section 17 and 18 of the Securities Regulation Code, Part A(1)(d) and Part D of the Annual Corporate Governance Report, SRC Rule 68

Other Enabling Initiatives of SEC

- Amendments to the Corporation Code.
- Amendments to the Implementing Rules and Regulations of the Securities Regulation Code
- Proposed Amendment to the Code of Corporate Governance
- Proposed Amendment to the Securities Regulation Code
- Adoption of a Corporate Governance Blueprint

<http://www.competitive.org.ph/doingbusiness/ProtectingInvestors.html>

7. PAYING TAXES

Paying Taxes records the taxes and mandatory contributions that a medium-sized company must pay in a given year, as well as the administrative burden of paying taxes and contributions. Taxes and contributions include the profit or corporate income tax, social contributions and labor taxes paid by the employer, property taxes, property transfer taxes, dividend tax, capital gains tax, financial transactions tax, waste collection taxes, vehicle and road taxes, and any other small taxes or fees.

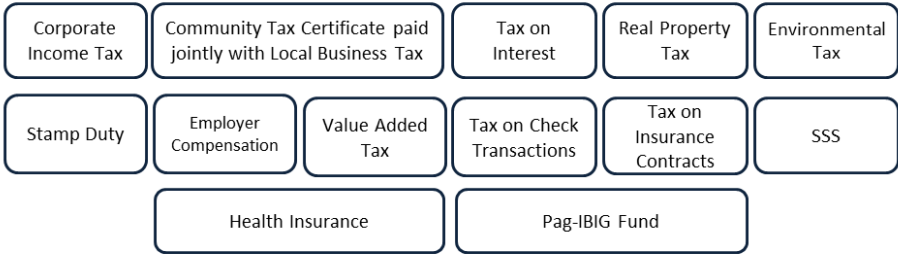
The ranking is derived from the number of tax payments per year, the number of hours per year to prepare and file returns and pay taxes, and the total tax rate as % of profit. According to the latest Doing Business Report, the indicator ranked 126 out of 189 economies where it takes 36 payments in a year. With the reforms, this has been reduced to 13 payments as shown in the chart below.

Old Procedures

Corporate Income Tax	Local Business Tax	Community Tax Certificate	Tax on Interest	Real Property Tax	Environmental Tax
Stamp Duty	Employer Compensation	Value Added Tax	Tax on Check Transactions	Tax on Insurance Contracts	SSS
Health Insurance	Health Insurance	Health Insurance	Health Insurance	Health Insurance	Health Insurance
Health Insurance	Health Insurance	Health Insurance	Health Insurance	Health Insurance	Health Insurance
Pag-IBIG Fund	Pag-IBIG Fund	Pag-IBIG Fund	Pag-IBIG Fund	Pag-IBIG Fund	Pag-IBIG Fund
Pag-IBIG Fund	Pag-IBIG Fund	Pag-IBIG Fund	Pag-IBIG Fund	Pag-IBIG Fund	Pag-IBIG Fund

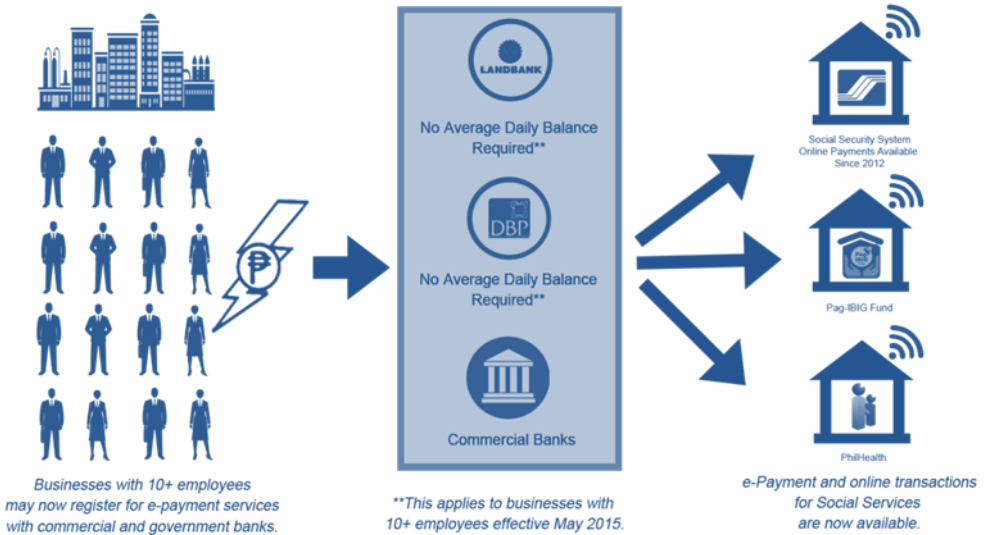
From 36 payments in a year

New Procedures



To 13 payments in a year

e-Payments and Online Transactions Flow Chart



Reform Details

- Reforms to reduce steps and days for Paying Taxes were also institutionalized and implemented this year. E-government initiatives including online payments to government financial institutions, such as Land

Bank of the Philippines and Development Bank of the Philippines, offer accessible and convenient online transactions for payroll-related payments to the Philippine Health Insurance System (or Philhealth) and the Home Development Mutual Fund (or the Pag-IBIG Fund). The E-payment system allows business employers to open corporate accounts with "No Average Daily Balance", enabling employers to pay annually, thus reducing the number of payments from 36 to 13 annually.

1. The the Pag-IBIG Fund signed a Memorandum of Agreement with the Landbank of the Philippines (LBP) and Development Bank of the Philippines (DBP) to implement an electronic payment system that allows business employers to open corporate accounts with 'No Average Daily Balance', thus reducing the number of payments to Pag-IBIG Fund from 12 to 1.

2. Like the Pag-IBIG Fund, the Philippine Health Insurance System (or PhilHealth) signed a Memorandum of Agreement with the Landbank of the Philippines (LBP) and Development Bank of the Philippines (DBP) to implement an electronic payment system that allows business employers to open corporate accounts with 'No Average Daily Balance'. Moreover, PhilHealth required all employers in government and private sector to pay premium contributions at accredited collecting agents or through e-Payment facilities and adopt e-Premium Reporting System (e-PRS) in reporting premium payments. To date, a total of 2,103 out of 2,685 e-Pay users were registered in the period of January to April 2015 or 78% from 79% of users in the previous year.

3. The Local Government of Quezon City also maintained that the annual community tax is not a separate payment but is paid together with the local business tax at the Business Permits and Licensing Office (BPLO), thus considered as one payment only.

<http://www.competitive.org.ph/doingbusiness/PayingTaxes.html>

8. TRADING ACROSS BORDERS

Trading across Borders records the time and cost associated with the logistical process of exporting and importing goods. Under the new methodology introduced this year, Doing Business measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods.

For this indicator, the Philippines ranked 95 out of 189 economies.

Characteristics	Export	Import
Product	HS 85 : Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	HS 8708: Parts and accessories of motor vehicles
Trade partner	Hong Kong, China	Japan
Border	Manila port	Manila port
Distance (km)	18	18
Domestic transport time (hours)	4	4
Domestic transport cost (USD)	381	381
Domestic transport speed (km/hour)	4.8	4.8
Domestic transport cost per distance (USD/km)	21.1	21.1

Reform Details

1. Customs Modernization and Tariff Act (CMTA)

This is an on-going reform which aims to modernize the Philippine Bureau of Customs, and to update legislation at par with the best global practice of customs administration.

2. Authorized Economic Operator (CMO 11-2012; CMO 14-2013)

This is an internationally accepted customs procedure designed to create an accreditation procedure that offers certain benefits and incentives to certain

economic operators considered as BOC's trusted allies. This aims to reduce processing periods, last priority in post entry audits, recognition as a low risk company, reduced inspection or expedite clearance if covered by mutual recognition programs under bilateral/multilateral arrangements, and other trade facilitation benefits which the BOC may give under existing laws and regulations. An Executive Order was drafted to maintain the AEO Program in the BOC through the creation of an office which shall handle the AEO Program, as well as other trade facilitation initiatives.

3. Mandatory Submission of Electronic Sea and Air Manifest in e2m System (CMO 19-2015, 10-2015 & 23-2011)

This covers the electronic submission of Inward Foreign Manifest, consolidated cargo manifest and airline e-manifest to expedite the release of legitimate cargo and reduced time processing upon arrival in the Philippines.

4. Revised Procedures and Documentation in the Processing Formal Consumption Entries (CMO 29-2015)

The use of Import Entry and Internal Revenue Declaration (IEIRD) or BC Form 236 is discontinued and was replaced by printed Single Administrative Document (SAD), in two (2) copies, through e2m Customs System. Through this, BOC adapted the universal use of paperless transactions and eliminated unnecessary use of papers and expensive forms to minimize costs in the customs clearance of imported articles.

5. Implementation of the 2nd Pilot Project for the ASEAN Self-Certification

The system eliminates the need to present the Certificate of Origin (CO) Form D to claim preference under the ATIGA as it allows "Certified Exporters" to self-declare that their products have satisfied the ASEAN origin criteria by simply affixing a declaration on the commercial invoice. This aims to reduce the compliance (exporters) and administrative (issuing Authorities) costs associated with Certificate of Origin (CO) application and address implementation lapses e.g. delays in the release of shipments due to questions on minor technical and data errors, etc. Currently, the Philippines has three (3) Certified Exporters.

6. Terminal Appointment Booking System (TABS)

This was created to alleviate traffic congestion in response to the truck ban as imposed by the Philippine Government. This system fast tracks booking of containers, as status updates can all be done through mobile devices anytime. This aims for an efficient flow of containerized cargoes from terminals, resulting to a productive Philippine supply-chain.

7. Foreign Co-loading Act (RA 10668)

This act allowed foreign vessels to transport foreign cargoes to domestic transshipment port, thereby reducing cost of domestic transport and promoted the global competitiveness of importers and exporters. Its IRR was drafted by the BOC, together with various government agencies and representatives from the private sector.

<http://www.competitive.org.ph/doingbusiness/TradingAcrossBorders.html>

9. ENFORCING CONTRACTS

Enforcing Contracts measures the time and cost for resolving a commercial dispute through a local first-instance court. In addition for this year, it measures the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. This new index replaces the indicator on procedures, which was eliminated this year. The data are collected through study of the codes of civil procedure and other court regulations as well as questionnaires completed by local litigation lawyers and judges.

The standard case used is the collection of a receivable by a seller who files a case against a buyer who refused to pay for delivered goods on the grounds that the delivered goods were not of adequate quality.

One significant reform recently launched in Quezon City was the electronic court system (e-Courts) which aims not only to speed up judicial processes but also to eliminate opportunities for corruption.

e-Court

- The **e-Court** system is part of the Philippine Supreme Court's initiative to increase court efficiency by monitor, manage and process cases and for court officials to monitor performance.
- Since its pilot run last 2013 in 58 courts of Quezon City, it has been rolled out to 15 other courts in Angeles City and Lapu-lapu City.
- This year eCourts will reach 94 more courts in Tacloban City, Davao City, Cebu City, and Makati City.
- In 2016, eCourts will be further rolled out in the 120 courts of the capital city of Manila, Pasig City and Mandaluyong City. By the end of 2016, eCourts will be in 287 trial courts handling about 30% of the total caseload of the Philippine court system

Enterprise Information System Plan

- The **Enterprise Information System Plan** identifies over 20 software application systems to speed-up the adjudication of cases, increase personnel productivity, and improve court management.
- It was reviewed in 2013 and updated in order to ensure readiness of the Judiciary in its implementation and identifying project implementation gaps and risks.
- The updated EISP was approved by the Supreme Court on 21 October 2014. About P1.44 billion has been made available in 2015 to jumpstart the implementation of the EISP

Hustisyeah! Decongestion Program

- **Hustisyeah!** — volunteer paralegals and lawyers, and Court Management Office personnel go to target courts and do an intensive and methodical inventory of cases.
- Launched in 2013. The caseload of 33 participating courts in Quezon City decreased from the baseline of 32,173 cases to 22,753.
- The average clearance rate of these target courts went up from 113.72% in 2012 to 148% in 2014

Small Claims Case Monitoring System

- Developed to facilitate the monitoring of the disposition of small claims cases and as a reporting tool to evaluate the effectiveness of the small claims rules and the performance of the first level courts in handling small claims cases.
- Initially implemented in pilot courts in the **NCJR and Antipolo City**.
- Approved for nationwide roll-out in all first level courts on **06 May 2011**.

<http://www.competitive.org.ph/doingbusiness/EnforcingContracts.html>

10. RESOLVING INSOLVENCY

Resolving Insolvency studies the time, cost, and outcome of insolvency proceedings involving domestic entities as well as the strength of the legal framework applicable to liquidation and reorganization proceedings. The data for the resolving insolvency indicators are derived from questionnaire responses by local insolvency practitioners and verified through a study of laws and regulations as well as public information on insolvency systems.

Reform Details:

- Improved Strength of Insolvency Framework through:

1. Court en banc approval of A.M. No. 15-04-06 – SC Financial Liquidation and Suspension of Payments Rules of Procedure for Insolvent Debtors – last April 21, 2015 which promulgates the rules of pleading, practice, and procedure to govern the proceedings for the liquidation of insolvent juridical and Individual Debtors, and suspension of payments of insolvent individual debtors.

2. Amendment of A.M. NO. 03-03-03-SC Dated June 17, 2003, for the expansion of the Coverage of Cases cognizable by the Special Commercial Courts to include all cases On Insolvency and Liquidation under FRIA. This was amended so the special commercial courts may take cognizance of financial rehabilitation and insolvency cases.

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HOW WAS YOUR EXPERIENCE DOING BUSINESS?

The National Competitiveness Council encourages the public to report on their experiences doing business, particularly with any of the above procedures. These inputs can be used to shape the next reform strategies.

Questions, comments, and suggestions may be sent via mail, phone, fax, e-mail, Facebook, or Twitter. You can also post reactions on the NCC website. Details are found below.

For more information on Doing Business, please visit:

<http://www.competitive.org.ph/doingbusiness>



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