

STARTING A BUSINESS IN THE PHILIPPINES

No.	Procedures	Time to Complete	Associated Costs
1	<p>Deposit the paid-in minimum capital at the bank</p> <p><i>Agency : Bank</i></p> <p>According to Section 13 of the Corporation Code, the paid-in minimum capital is 5,000 pesos. A certificate of capital deposit is not a requirement by the Securities and Exchange Commission (SEC) for company registration, but the deposit must be completed in order to abide by the applicable law.</p> <p>The required minimum paid-in capital is reflected in the Articles of Incorporation and supported by the Treasurer's Affidavit as provided under Section 14 of the Corporation Code. SEC requires a Treasurer's Affidavit stating that the deposit has been made in the corporation's treasurer-in-trust account.</p>	1 day	no charge
2	<p>Notarize articles of incorporation and treasurer's affidavit at the notary</p> <p><i>Agency : Notary</i></p> <p>According to Section 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC. Under Section 15 of the Corporation Code, the Treasurer's Affidavit should also be notarized. The 2004 Rules on Notarial Practice require the presence of the person(s) who executed the document (Articles of Incorporation and Treasurer's Affidavit) before the notary public.</p>	1 day	PHP 500

No.	Procedures	Time to Complete	Associated Costs
3	<p>Apply for company incorporation and pre-registration for Taxpayer Identification Number (TIN), Social Security System (SSS), Philippine Health Insurance Company (PhilHealth) and Home Development Mutual Fund (Pag-ibig Fund)</p> <p>Agency : Securities and Exchange Commission</p> <p>To apply for company incorporation, the business founders must access https://crs.sec.gov.ph and fill in an application form. The availability of the company name can be verified by filing the application. The required documents are first submitted online and upon approval an email is sent to the applicant. The applicant must pay the required fees and provide the proof of payment. At this stage, the applicant must collect the certificate of registration and submit the original documents at SEC. The following documents are required for SEC registration:</p> <ol style="list-style-type: none"> a. Company name verification slip; b. Articles of incorporation (notarized) and by-laws; c. Treasurer's affidavit (notarized); d. Statement of assets and liabilities; e. Registration data sheet with particulars on directors, officers, stockholders, and so forth; f. Written undertaking to comply with SEC reporting requirements (notarized); g. Written undertaking to change corporate name (notarized). <p>The pre-registered Taxpayer Identification Number (TIN) is automatically obtained from SEC upon incorporation. However, the company must still register with the Bureau of Internal Revenue (BIR) in order to identify the applicable taxes, pay an annual registration fee and obtain an approval to print invoices and receipts. The company will also obtain a pre-registration with the Social Security System (SSS), the Philippine Health Insurance Company (PhilHealth) and the Home Development</p>	7 days	included in procedure 4

No.	Procedures	Time to Complete	Associated Costs
<p>⇒ 4</p>	<p>Pay the registration fees Agency : Securities and Exchange Commission Once the business founder has applied for company incorporation online, SEC will issue the payment fees. The applicant must pay the name approval and registration fees at a bank and provide the proof of payment to the system.</p> <p>The costs to register a company are as follows:</p> <ul style="list-style-type: none"> - PHP 100 for name verification fee; - Filing fee of 1/5 of 1% of the authorized capital stock or the subscription price of the subscribed capital stock (whichever is higher but not less than PHP 1,000); - Legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10; - PHP 1,000 for registration of bylaws; - PHP 150 + 320 for registration of stock and transfer book (STB) required for new corporations; - PHP 10 legal research fee for the bylaws. 	<p>1 day (simultaneous with previous procedure)</p>	<p>see procedure details</p>

No.	Procedures	Time to Complete	Associated Costs
5	<p>Obtain barangay clearance and pay the annual community tax</p> <p>Agency : Barangay (Local Authority)</p> <p>The company's founders must obtain a clearance and pay the annual community tax at the local Barangay (neighborhood). To obtain the Barangay clearance, the following documentary requirements should be submitted: Application form, SEC Certificate of Incorporation and approved articles of incorporation and bylaws, location plan/site map and the lease over the corporation's office.</p> <p>The clearance is obtained from the Barangay where the business is located. Barangay fees vary in each Barangay since they have the discretion to impose their own fees and charges as long as these fees are reasonable and within the limits set by the Local Government Code and city ordinances. In Quezon City, the fees range from PHP 300 to PHP 1000. The clearance is obtained in one day, provided that the Barangay captain is in the office as the captain is the only official authorized to sign.</p> <p>The community tax is paid at the same moment at the Barangay. The company is assessed a basic and an additional community tax. The basic community tax rate depends on whether the company legal form is a corporation, partnership, or association (PHP 500 or lower). The additional community tax (not to exceed PHP 10,000.00) depends on the assessed value of real property the company owns in the Philippines at the rate of PHP 2.00 for every PHP 5,000.00 and on its gross receipts, including dividends or earnings, derived from business activities in the Philippines during the preceding year, at the rate of PHP 2.00 for every PHP 5,000.00.</p>	1 day	PHP 500 for barangay clearance + PHP 500 for community tax

No.	Procedures	Time to Complete	Associated Costs
6	<p>Obtain a business permit Agency : Quezon City One-Stop Shop at the Business Permits and Licensing Office</p> <p>The founders of a new company must obtain a business permit from the local Municipality. The fees vary depending on the LGU issuing the permit. The rate of license fee imposed in Quezon City is 25% of 1% of the authorized capital stock. Other permits, such as location clearance, fire safety and inspection certificate, sanitary permit, certificate of electrical inspection, mechanical permit, and other clearances or certificates required depending on the nature of business, are also imposed. The rate of these fees depends on the nature of business and land area occupied by the proposed corporation.</p> <p>Cost: (PHP 2,408.05 business tax (25% of 1% of paid-up capital) + PHP 200 mayor's permit + PHP 150 sanitary inspection fee + PHP 50 signboard fee + PHP 300 business plate + PHP 100 QCBRB + PHP 545 zoning clearance + PHP 1,300 garbage fee+ PHP 300 FSIC (10% of all regulatory fees))</p>	6 days	see procedure details
7	<p>Buy special books of account at bookstore Agency : Bookstore</p> <p>Special books of accounts are required for registering with the BIR. The books of accounts are sold at bookstores nationwide. One set of journals consisting of four books (cash receipts account, disbursements account, ledger, general journal) costs about PHP 400.</p> <p>If the company has a computerized accounting system (CAS), it may opt to register its CAS under the procedures laid out in BIR Revenue Memorandum Order Nos. 21-2000 and 29-2002.</p> <p>The BIR Computerized System Evaluation Team is required to inspect and evaluate the company's CAS within 30 days from receipt of the application form (BIR Form No. 1900) and complete documentary requirements.</p>	1 day	PHP 400

No.	Procedures	Time to Complete	Associated Costs
8	<p>Apply for Certificate of Registration (COR), TIN and approval to print receipts and invoices</p> <p><i>Agency : Bureau of Internal Revenue</i></p> <p>All newly formed corporations subject to SEC registration are issued pre-generated TIN, which is indicated on their SEC Certificate of Registration. The corporation only has to register its pre-generated TIN with the Bureau of Internal Revenue (BIR) and report all internal revenue taxes that it expects to be liable for.</p> <p>The requirements for application for Certificate of Registration (COR) with the BIR are:</p> <ol style="list-style-type: none"> a. Duly accomplished and filled-out BIR Form No. 1903 (Application for Registration for Corporations); b. Payment Form (BIR Form No. 0605); c. SEC Certification of Incorporation; d. Articles of Incorporation and bylaws; e. Contract of Lease (with BIR Form No. 2000 and supporting BIR Payment Form as proof of payment of documentary stamp tax on the lease agreement); f. Documentary Stamp Tax Return (BIR Form No. 2000) on the original issuance of shares and Payment Form (for the DST payment); and g. Mayor's Permit/Business Permit Application (duly stamped received by the Business Licensing Division of the local government of Quezon City). <p>At the moment of tax registration, the company also requires the authority to print receipts and pays the relevant fees, which are as follows:</p> <ul style="list-style-type: none"> - PHP 100 (certification fee) and PHP 30 (documentary stamp tax for the certification, in loose form to be attached to Form 2303); - PHP 500 for the annual registration fee; - PHP 2.00 on every PHP 200 of the company's capital, for the documentary stamp tax on original issuance of shares of stock; 	3 days	see procedure details

No.	Procedures	Time to Complete	Associated Costs
9	<p>Print receipts and invoices at the print shop <i>Agency</i> : Bureau of Internal Revenue</p> <p>The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 ½ x 5 ½ cm) in duplicate, black print, carbonless. The minimum print volume is 25 booklets.</p>	7 days	PHP 3,500
10	<p>Submit the Printer's Certificate of Delivery of Receipts and Invoices (PCD) and a sworn statement to the BIR <i>Agency</i> : Bureau of Internal Revenue</p> <p>After the printing of receipts and invoices, the printer issues a Printer's Certificate of Delivery of Receipts and Invoices (PCD) to the company, which must submit this to the appropriate BIR RDO (i.e., the RDO which has jurisdiction over the company's principal place of business) for registration and stamping within thirty (30) days from issuance. The company must also submit the following documents:</p> <ul style="list-style-type: none"> a. All required books of accounts; b. VAT registration certificate; c. SEC registration; d. BIR Form W-5; e. Certified photocopy of the ATP; and f. Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user. <p>The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.</p>	1 day	no charge

No.	Procedures	Time to Complete	Associated Costs
<p>→ 11</p>	<p>Final Registration with the Social Security System (SSS) Agency : Social Security System</p> <p>To register with the SSS, the company must submit the following documents:</p> <ul style="list-style-type: none"> a. Employer registration form (Form R-1); b. Employment report (Form R-1A); c. List of employees, specifying their birth dates, positions, monthly salary and date of employment; and d. Articles of incorporation, by-laws and SEC registration. <p>Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend an SSS training seminar after registration. SSS prefers that all members go through such training so that each member is aware of their rights and obligations.</p>	<p>1 day (simultaneous with previous procedure)</p>	<p>no charge</p>
<p>→ 12</p>	<p>Final registration with the Philippine Health Insurance Company (PhilHealth) Agency : Philippine Health Insurance Corporation</p> <p>To register with PhilHealth, the company must submit the following documents:</p> <ul style="list-style-type: none"> a. Employer data record (Form ER1); b. Report of employee-members (Form ER2); c. SEC registration; d. BIR registration; and e. Copy of business permit. <p>Upon submission of the required documents, the company shall get the receiving copy of all the forms as proof of membership until PhilHealth releases the employer and employee numbers within three months.</p>	<p>1 day (simultaneous with previous procedure)</p>	<p>no charge</p>

No.	Procedures	Time to Complete	Associated Costs
<p>⇒ 13</p>	<p>Final registration with Home Development Mutual Fund (Pag-ibig) Agency : Home Development Mutual Fund</p> <p>To register with the HDMF, the corporation must submit the following documents:</p> <ul style="list-style-type: none"> a. Employer's Data Form (EDF [FPF040]); b. Specimen Signature Form (SSF[FPF170]); c. Copy of SEC Certificate of Incorporation; d. Copy of Approved Articles of Incorporation and By-laws; and e. Board Resolution or Secretary's Certificate indicating the duly designated Authorized Representative. <p>Upon submission of the complete documents and payment of the first contribution to the fund, the Pag-IBIG will issue the HDMF number and the HDMF Certificate of Registration.</p>	<p>1 day (simultaneous with previous procedure)</p>	<p>no charge</p>

⇒ Takes place simultaneously with previous procedure.