

**SUMMARY OF PROCEDURES FOR STARTING A BUSINESS IN PHILIPPINES
—AND THE TIME AND COST**

No.	Procedure	Time to Complete	Cost to complete
1	<p>Verify and reserve the company name with the Securities and Exchange Commission (SEC)</p> <p>The availability of the proposed company name can be verified via the SEC's online verification system at no charge. Reservation of the name, once approved by the SEC, costs Php40/month for the first 30 days. The company name can be reserved for a maximum of 120 days for a fee of PHP 120, which is renewable upon expiration of the period.</p>	1 day	PHP40
2	<p>Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit.</p> <p>The company is required by law to deposit paid-up capital amounting to at least 6.25% of the authorized capital stock of the corporation. This paid-up capital must not be less than PHP 5,000. Some banks in Manila charge a fee up to PHP 105 for each certificate of deposit</p>	1 day	No Charge
3	<p>Notarize articles of incorporation and treasurer's affidavit at the notary.</p> <p>According to Section 14 and 15 of the Corporation Code, Articles of Incorporation should be notarized before filing with the SEC.</p>	1 day	PH500
4	<p>Register the company with the SEC and receive pre-registered Taxpayer Identification Number (TIN)</p> <p>The company can register online through SEC i-Register but must pay on site at the SEC. The following documents are required for SEC registration:</p> <ul 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. Bank certificate of deposit of the paid-in capital; f. Authority to verify the bank account; g. Registration data sheet with particulars 	3 days	<p>(PHP 1,926.44 filing fee equivalent to 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 + PHP 19.26 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 500 By-laws + PHP 150 for registration of stock and transfer book (STB) required for new corporations + PHP 320</p>

	<p>on directors, officers, stockholders, and so forth;</p> <p>h. Written undertaking to comply with SEC reporting requirements (notarized);</p> <p>i. Written undertaking to change corporate name (notarized).</p> <p>The SEC Head Office issues pre-registered TINs only if the company's application for registration has been approved. The company must still register with the Bureau of Internal Revenue (BIR) in order to identify applicable tax types, pay an annual registration fee, obtain and stamp sales invoices, receipts and the books of accounts.</p>		STB + PHP 10 legal research fee for the By-laws)
5	<p>Obtain barangay clearance</p> <p>To get the barangay clearance, the following documentary requirements should be submitted to the Barangay: Application form, SEC Certificate of Incorporation and approved articles of incorporation and bylaws, location plan/site map, contract of lease over the corporation's office.</p> <p>This clearance is obtained from the Barangay where the business is located, and is required to obtain the business permit from the city or municipality. Barangay fees vary for each Barangay since they have the discretion to impose their own fees and charges for as long as these fees are reasonable and within the limits set by the Local Government Code and city ordinances.</p>	1 day	PH500
6	<p>Pay the annual community tax and obtain the Community Tax Certificate (CTC) from the City Treasurer's Office (CTO)</p> <p>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</p>	1day	PH500

	5,000.00.		
7	<p>Obtain the business permit to operate from the BPLO</p> <p>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 locational 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 imposable. The rate of these fees depends on the nature of business and land area occupied by the proposed corporation. The barangay clearance is a prerequisite for the issuance of business permit to operate.</p>	6 days	(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))
8	<p>Buy special books of account at 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. 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
9	<p>Apply for Certificate of Registration (COR) and TIN at the Bureau of Internal Revenue (BIR)</p> <p>After the taxpayer obtains the TIN, the company must pay the annual registration fee of PHP 500 at any duly accredited bank, using payment form BIR Form 0605).</p> <p>All newly formed corporations subject to SEC registration are issued pre-generated TIN by SEC-Head Office, which is indicated on their SEC Certificate of Registration. The</p>	2 days	PHP 100 (certification fee) and PHP 15 (documentary stamp tax, in loose form to be attached to Form 2303)

	<p>corporation only has to register its pregenerated TIN with the BIR and report all internal revenue taxes that it expects to be liable for. The requirements for application for COR with the BIR are:</p> <ul 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 By-laws; 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). 		
10	<p>Pay the registration fee and documentary stamp taxes (DST) at the AAB</p> <p>The rate of documentary stamp tax on original issuance of shares of stock shall be Php 1.00 for every Php 200.00 or fractional part thereof, of the par value, of such shares of stock.</p> <p>The documentary stamp tax return shall be filed and the tax paid on or before the fifth (5th) day after the close of the month of approval of SEC registration.</p>	1 day	(PHP 500 registration fee + PHP 4,169.97 DST on original issuance of shares of stock. DST on the lease contract is not included in the computation of the cost)
11	<p>Obtain the authority to print receipts and invoices from the BIR</p> <p>The authority to print receipts and invoices must be secured before the sales receipts and invoices may be printed. The company can ask any authorized printing company to print its official forms, or it can print its own forms (i.e., it uses its computers to print loose-leaf invoice forms) after obtaining a permit from BIR for this</p>	1 day	no charge

	<p>purpose.</p> <p>To obtain the authority to print receipts and invoices from the BIR, the company must submit the following documents to the Revenue District Office (RDO):</p> <ol style="list-style-type: none"> a. Duly completed application for authority to print receipts and invoices (BIR Form No. 1906); b. Job order; c. Final and clear sample of receipts and invoices (machine-printed); d. Application for registration (BIR Form No. 1903); and e. Proof of payment of annual registration fee (BIR Form No. 0605). 		
12	<p>Print receipts and invoices at the print shops</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
13	<p>Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR</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> <ol 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

<p>14</p>	<p>Register with the Social Security System (SSS)</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>7 days</p>	<p>no charge</p>
<p>15</p>	<p>Register with the Philippine Health Insurance Company (PhilHealth)</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</p>	<p>no charge</p>
<p>16</p>	<p>* Register with Home Development Mutual Fund (Pag-ibig)</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 	<p>1 day (simultaneous with previous procedure)</p>	<p>no charge</p>

	<p>Incorporation and By-laws; and e. Board Resolution or Secretary's Certificate indicating the duly designated Authorized Representative.</p> <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>		
--	--	--	--

** Takes place simultaneously with another procedure.*

Sources:

World Bank. 2013. Doing Business 2013: Smarter Regulations for Small and Medium-Size Enterprises. Washington, DC: World Bank Group. DOI: 10.1596/978-0-8213-9615-5. License: Creative Commons Attribution CC BY 3.0

<http://www.doingbusiness.org/~media/giawb/doing%20business/documents/profiles/country/PHL.pdf>