



Doing Business in the Philippines 2011

COMPARING BUSINESS REGULATION IN 25 CITIES AND 183 ECONOMIES



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Doing Business in the Philippines 2011 and other subnational and regional *Doing Business* studies can be downloaded at no charge at <http://subnational.doingbusiness.org>.

Copies of *Doing Business 2011: Making a Difference for Entrepreneurs*, *Doing Business 2010: Reforming through Difficult Times*, *Doing Business 2009*, *Doing Business 2008*, *Doing Business 2007: How to Reform*, *Doing Business in 2006: Creating Jobs*, *Doing Business in 2005: Removing Obstacles to Growth* and *Doing Business in 2004: Understanding Regulations* may be purchased at www.doingbusiness.org.

About the Investment Climate Advisory Services of the World Bank Group

The Investment Climate Advisory Services of the World Bank Group helps governments implement reforms to improve their business environment, and encourage and retain investment, thus fostering competitive markets, growth and job creation. Funding is provided by the World Bank Group (IFC, MIGA, and the World Bank) and over fifteen donor partners working through the multi-donor FIAS platform.

Contents

Doing Business in the Philippines 2011 is the second subnational report of the *Doing Business* series in the Philippines. In the first, *Doing Business in the Philippines 2008*, quantitative indicators on business regulations were analyzed for 21 cities in 3 regions: Luzon, the Visayas, and Mindanao. This year, the report expands the analysis to 25 cities across the nation, including 15 cities from Metro Manila (Luzon) that were also covered in 2008: Caloocan, Las Piñas, Makati, Malabon, Mandaluyong, Marikina, Muntinlupa, Navotas, Parañaque, Pasay, Pasig, Quezon City, San Juan, Taguig, and Valenzuela. In addition, Batangas City (Luzon), replaces Tanauan for this edition. In the Visayas, 3 cities—Cebu City, Lapu-Lapu, and Mandaue—that were analyzed in 2008 are measured for the second time, and a new city—Iloilo—is included. In Mindanao, 3 new cities—Cagayan de Oro, General Santos, and Zamboanga City—are studied while Davao City is studied for a second time. Manila, which represents the Philippines in the global *Doing Business 2011* report, is also included. The selection of the 25 cities was based on the level of urbanization, population size, economic activity, political and geographical diversity, and other factors.

Comparisons with other economies are based on *Doing Business 2011: Making a Difference for Entrepreneurs*, the eighth in a series of annual reports published by the World Bank and the International Finance Corporation. The indicators in *Doing Business in the Philippines 2011* are also comparable with 339 cities in 43 economies benchmarked in other subnational *Doing Business* studies. All data and reports are available at <http://subnational.doingbusiness.org> and www.doingbusiness.org.

Doing Business investigates the regulations that enhance business activity and those that constrain it. Regulations affecting 3 stages of the life of a local business are measured at the subnational level in the Philippines: starting a business, dealing with construction permits, and registering property. These indicators were selected because they cover areas of local jurisdiction or practice. The indicators are used to identify business reforms and the extent to which these have been effective in simplifying the procedures, saving time, and lowering the cost of doing business. The data in *Doing Business in the Philippines 2011* are current as of June 1, 2010.

The methodology for this report has its limitations. *Doing Business* does not directly study the security of property from theft and looting, proximity to major markets, quality of infrastructure services, transparency of government procurement, macroeconomic conditions, the quality of institutions, and other areas important to businesses. To make the data comparable across economies, the indicators refer to a specific type of company—generally a limited liability company (or its legal equivalent)—in a standardized case scenario and may not be representative of the issues facing other types of businesses or other business transactions.

This study is part of IFC's Advisory Service program in the Philippines, which seeks to support private sector development and sustained economic growth in the Philippines. IFC's Advisory Service programs are consistent with the World Bank Group's Country Assistance Strategy for the Philippines.

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About *Doing Business* and *Doing Business in the Philippines*

Governments committed to the economic health of their country and opportunities for its citizens focus on more than macroeconomic conditions. They also pay attention to the laws, regulations and institutional arrangements that shape daily economic activity.

The global financial crisis has renewed interest in good rules and regulation. In times of recession, effective business regulation and institutions can support economic adjustment. Easy entry and exit of firms, and flexibility in redeploying resources, make it easier to stop doing things for which demand has weakened and to start doing new things. Clarification of property rights and strengthening of market infrastructure (such as credit information and collateral systems) can contribute to confidence as investors and entrepreneurs look to rebuild.

Until recently, however, there were no globally available indicator sets for monitoring such microeconomic factors and analyzing their relevance. The first efforts, in the 1980s, drew on perceptions data from expert or business surveys. Such surveys are useful gauges of economic and policy conditions. But their reliance on perceptions and their incomplete coverage of poor countries constrain their usefulness for analysis.

The *Doing Business* project, initiated 9 years ago, goes one step further. It looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle. *Doing Business* and the standard cost model initially developed and applied in the Netherlands are, for the present, the only standard tools used across a broad range of jurisdictions to measure the impact of government rule-making on business activity.¹

The first *Doing Business* report, published in 2003, covered 5 indicator sets and 133 economies. This year's report covers 11 indicator sets and 183 economies. Nine topics are included in the aggregate ranking on the ease of doing business. The project has benefited from feedback from governments, academics, practitioners and reviewers.² The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business.

WHAT DOING BUSINESS IN THE PHILIPPINES 2011 COVERS

Doing Business in the Philippines 2011 provides a quantitative measure of the national, and local regulations for starting a business, dealing with construction permits, and registering property—as they apply to domestic small and medium-size enterprises.

A fundamental premise of *Doing Business* is that economic activity requires good rules. These include rules that establish and clarify property rights and reduce the costs of resolving disputes, rules that increase the predictability of economic interactions and rules that provide contractual partners with core protections against abuse. The objective: regulations designed to be efficient in their implementation, to be accessible to all who need to use them and to be simple in their implementation. Accordingly, some *Doing Business* indicators give a higher score for more

regulation, such as stricter disclosure requirements in related-party transactions. Some give a higher score for a simplified way of implementing existing regulation, such as completing business start-up formalities in a one-stop shop.

Doing Business in the Philippines 2011 encompasses 2 types of data. The first come from readings of laws and regulations. The second are time and motion indicators that measure the efficiency and complexity in achieving a regulatory goal (such as granting the legal identity of a business). Within the time and motion indicators, cost estimates are recorded from official fee schedules where applicable. Here, *Doing Business* builds on Hernando de Soto's pioneering work in applying the time and motion approach first used by Frederick Taylor to revolutionize the production of the Model T Ford. De Soto used the approach in the 1980s to show the obstacles to setting up a garment factory on the outskirts of Lima, Peru.³

WHAT DOING BUSINESS IN THE PHILIPPINES 2011 DOES NOT COVER

Just as important as knowing what *Doing Business in the Philippines 2011* does is to know what it does not do—to understand what limitations must be kept in mind in interpreting the data.

LIMITED IN SCOPE

Doing Business in the Philippines 2011 focuses on three topics, with the specific aim of measuring the regulation and red tape relevant to the life cycle of a domestic small to medium-size firm.

Accordingly:

- *Doing Business in the Philippines 2011* does not measure all 11 indicators covered in the general *Doing Business* report. The report covers only those 3 areas of business regulation that are the provenance of the municipal governments and where local differ-

ences exist—starting a business, dealing with construction permits, and registering property.

- *Doing Business in the Philippines 2011* does not measure all aspects of the business environment that matter to firms or investors—or all factors that affect competitiveness. It does not, for example, measure security, macroeconomic stability, corruption, the labor skills of the population, the underlying strength of institutions or the quality of infrastructure. Nor does it focus on regulations specific to foreign investment.
- *Doing Business in the Philippines 2011* does not assess the strength of the financial system or market regulations, both important factors in understanding some of the underlying causes of the global financial crisis.
- *Doing Business in the Philippines 2011* does not cover all regulations, or all regulatory goals, in any city. As economies and technology advance, more areas of economic activity are being regulated. For example, the European Union's body of laws (acquis) has now grown to no fewer than 14,500 rule sets. *Doing Business in the Philippines 2011* measures just 3 phases of a company's life cycle, through 3 specific indicators. The indicator sets also do not cover all aspects of regulation in the particular area. For example, the indicators on starting a business do not cover all aspects of commercial legislation.

BASED ON STANDARDIZED CASE SCENARIOS

The indicators analyzed in *Doing Business in the Philippines 2011* are built on the basis of standardized case scenarios with specific assumptions, such as that the business is located in one of the 25 cities in the Philippines measured in the report. Economic indicators commonly make limiting assumptions of this kind. Inflation statistics, for example, are often

based on prices of consumer goods in a few urban areas. Such assumptions allow global coverage and enhance comparability, but they inevitably come at the expense of generality.

In areas where regulation is complex and highly differentiated, the standardized case used to construct each *Doing Business in the Philippines 2011* indicator needs to be carefully defined. Where relevant, the standardized case assumes a limited liability company. This choice is in part empirical: private, limited liability companies are the most prevalent business form in most economies around the world. The choice also reflects one focus of *Doing Business*: expanding opportunities for entrepreneurship. Investors are encouraged to venture into business when potential losses are limited to their capital participation.

FOCUSED ON THE FORMAL SECTOR

In constructing the indicators, *Doing Business in the Philippines 2011* assumes that entrepreneurs are knowledgeable about all regulations in place and comply with them. In practice, entrepreneurs may spend considerable time finding out where to go and what documents to submit. Or they may avoid legally required procedures altogether—by not registering for social security, for example.

Where regulation is particularly onerous, levels of informality are higher. Informality comes at a cost: firms in the informal sector typically grow more slowly, have poorer access to credit and employ fewer workers—and their workers remain outside the protections of labor law.⁴ *Doing Business in the Philippines 2011* measures one set of factors that help explain the occurrence of informality and give policy makers insights into potential areas of reform. Gaining a fuller understanding of the broader business environment, and a broader perspective on policy challenges, requires combining insights from *Doing Business*

in the Philippines 2011 with data from other sources, such as the World Bank Enterprise Surveys.⁵

WHY THIS FOCUS

Doing Business in the Philippines 2011 functions as a kind of cholesterol test for the regulatory environment for domestic businesses. A cholesterol test does not tell us everything about the state of our health. But it does measure something important for our health. And it puts us on watch to change behaviors in ways that will improve not only our cholesterol rating but also our overall health.

One way to test whether *Doing Business* serves as a proxy for the broader business environment and for competitiveness is to look at correlations between the *Doing Business* rankings and other major economic benchmarks. The indicator set closest to *Doing Business* in what it measures is the Organization for Economic Co-operation and Development's indicators of product market regulation; the correlation here is 0.72. The World Economic Forum's Global Competitiveness Index and IMD's World Competitiveness Yearbook are broader in scope, but these too are strongly correlated with *Doing Business* (0.79 and 0.64, respectively).⁶

A bigger question is whether the issues on which *Doing Business* focuses matter for development and poverty reduction. The World Bank study *Voices of the Poor* asked 60,000 poor people around the world how they thought they might escape poverty.⁷ The answers were unequivocal: women and men alike pin their hopes above all on income from their own business or wages earned in employment. Enabling growth—and ensuring that poor people can participate in its benefits—requires an environment where new entrants with drive and good ideas, regardless of their gender or ethnic origin, can get started in business and where good firms can invest and grow,

generating more jobs.

Small and medium-size enterprises are key drivers of competition, growth and job creation, particularly in developing countries. But in these economies up to 80% of economic activity takes place in the informal sector. Firms may be prevented from entering the formal sector by excessive bureaucracy and regulation.

Where regulation is burdensome and competition limited, success tends to depend more on whom you know than on what you can do. But where regulation is transparent, efficient and implemented in a simple way, it becomes easier for any aspiring entrepreneurs, regardless of their connections, to operate within the rule of law and to benefit from the opportunities and protections that the law provides.

In this sense *Doing Business* values good rules as a key to social inclusion. It also provides a basis for studying effects of regulations and their application. For example, *Doing Business 2004* found that faster contract enforcement was associated with perceptions of greater judicial fairness—suggesting that justice delayed is justice denied.⁸

In the context of the global crisis policymakers continue to face particular challenges. Both developed and developing economies are seeing the impact of the financial crisis flowing through to the real economy, with rising unemployment and income loss. The foremost challenge for many governments is to create new jobs and economic opportunities. But many have limited fiscal space for publicly funded activities such as infrastructure investment or for the provision of publicly funded safety nets and social services. Reforms aimed at creating a better investment climate, including reforms of business regulation, can be beneficial for several reasons. Flexible regulation and effective institutions, including efficient processes for starting a business and efficient insolvency or bankruptcy systems, can fa-

cilitate reallocation of labor and capital. As businesses rebuild and start to create new jobs, this helps to lay the groundwork for countries' economic recovery. And regulatory institutions and processes that are streamlined and accessible can help ensure that, as businesses rebuild, barriers between the informal and formal sectors are lowered, creating more opportunities for the poor.

DOING BUSINESS IN THE PHILIPPINES 2011 AS A BENCHMARKING EXERCISE

Doing Business in the Philippines 2011, in capturing some key dimensions of regulatory regimes, can be useful for benchmarking. Any benchmarking—for individuals, firms or economies—is necessarily partial: it is valid and useful if it helps sharpen judgment, less so if it substitutes for judgment.

Doing Business in the Philippines 2011 provides 2 takes on the data it collects: it presents “absolute” indicators for each city for each of the three regulatory topics it addresses, and it provides rankings of cities by indicator. Judgment is required in interpreting these measures for any city and in determining a sensible and politically feasible path for reform.

Reviewing the *Doing Business* rankings in isolation may show unexpected results. Some cities may rank unexpectedly high on some indicators. And some cities that have had rapid growth or attracted a great deal of investment may rank lower than others that appear to be less dynamic.

But for reform-minded local governments, how much the regulatory environment for local entrepreneurs improves matters more than their relative ranking. As cities develop, they strengthen and add to regulations to protect investor and property rights. Meanwhile, they find more efficient ways to implement existing regulations and cut outdated ones. One finding of *Doing Business*: dynamic and

growing economies continually reform and update their regulations and their way of implementing them, while many poor economies still work with regulatory systems dating to the late 1800s.

DOING BUSINESS— A USER'S GUIDE

Quantitative data and benchmarking can be useful in stimulating debate about policy, both by exposing potential challenges and by identifying where policy makers might look for lessons and good practices. These data also provide a basis for analyzing how different policy approaches—and different policy reforms—contribute to desired outcomes such as competitiveness, growth and greater employment and incomes.

Eight years of *Doing Business* data have enabled a growing body of research on how performance on *Doing Business* indicators—and reforms relevant to those indicators—relate to desired social and economic outcomes. Some 656 articles have been published in peer-reviewed academic journals, and about 2,060 working papers are available through Google Scholar.⁹ Among the findings:

- Lower barriers to start-up are associated with a smaller informal sector.¹⁰
- Lower costs of entry encourage entrepreneurship, enhance firm productivity and reduce corruption.¹¹
- Simpler start-up translates into greater employment opportunities.¹²
- The quality of a country's contracting environment is a source of comparative advantage in trade patterns. Countries with good contract enforcement specialize in industries where relationship-specific investments are most important.¹³
- Greater information sharing through credit bureaus is associated with higher bank profitability and lower bank risk.¹⁴

HOW DO GOVERNMENTS USE DOING BUSINESS?

A common first reaction is to doubt the quality and relevance of the *Doing Business* data. Yet the debate typically proceeds to a deeper discussion exploring the relevance of the data to the economy and areas where reform might make sense.

Most reformers start out by seeking examples, and *Doing Business* helps in this (box 1.1). For example, Saudi Arabia used the company law of France as a model for revising its own. Many countries in Africa look to Mauritius—the region's strongest performer on *Doing Business* indicators—as a source of good practices for reform. In the words of Egypt's Minister of Investment, Dr. Mahmoud Mohieldin:

What I like about Doing Business... is that it creates a forum for exchanging knowledge. It's no exaggeration to say that we checked the top ten in every indicator and we just asked them, "How did you do it?" If there is any advantage to starting late in anything, it's that you can learn from others.

Over the past 8 years there has been much activity by governments in re-

forming the regulatory environment for domestic businesses. Most reforms relating to *Doing Business* topics were nested in broader programs of reform aimed at enhancing economic competitiveness. The same can be said at the subnational level.

In structuring their reform programs, governments use multiple data sources and indicators. And reformers respond to many stakeholders and interest groups, all of whom bring important issues and concerns into the reform debate. World Bank Group dialogue with governments on the investment climate is designed to encourage critical use of the data, sharpening judgment and avoiding a narrow focus on improving *Doing Business* rankings and encouraging broad-based reforms that enhance the investment climate.

METHODOLOGY AND DATA

Doing Business in the Philippines 2011 covers 25 cities. The data are based on national and local laws and regulations as well as administrative requirements. (For a detailed explanation of the *Doing Business in the Philippines 2011* methodology, see Data notes).

INFORMATION SOURCES FOR THE DATA

Most of the indicators are based on laws and regulations. In addition, most of the cost indicators are backed by official fee schedules. *Doing Business* respondents both fill out written surveys and provide references to the relevant laws, regulations and fee schedules, aiding data checking and quality assurance.

For some indicators part of the cost component (where fee schedules are lacking) and the time component are based on actual practice rather than the law on the books. This introduces a degree of subjectivity. The *Doing Business* approach has therefore been to work with legal practitioners or professionals who regularly undertake the transactions involved. Following the standard methodological approach for time and motion studies, *Doing Business* breaks down each process or transaction, such as starting and legally operating a business, into separate steps to ensure a better estimate of time. The time estimate for each step is given by practitioners with significant and routine experience in the transaction.

The *Doing Business* approach to data collection contrasts with that of enterprise or firm surveys, which capture often one-time perceptions and experiences of businesses. A corporate lawyer registering 100–150 businesses a year will be more familiar with the process than an entrepreneur, who will register a business only once or maybe twice. A bankruptcy judge deciding dozens of cases a year will have more insight into bankruptcy than a company that may undergo the process.

DEVELOPMENT OF THE METHODOLOGY

The methodology for calculating each indicator is transparent, objective and easily replicable. Leading academics collaborate in the development of the indicators, ensuring academic rigor. Eight of the background papers underlying the indicators have been published in lead-

BOX 1.1

How economies have used *Doing Business* in regulatory reform programs

To ensure coordination of efforts across agencies, such economies as Colombia, Rwanda and Sierra Leone have formed regulatory reform committees reporting directly to the president that use the *Doing Business* indicators as one input to inform their programs for improving the business environment. More than 20 other economies have formed such committees at the interministerial level. These include India, Malaysia, Taiwan (China) and Vietnam in East and South Asia; the Arab Republic of Egypt, Morocco, Saudi Arabia, the Syrian Arab Republic, the United Arab Emirates and the Republic of Yemen in the Middle East and North Africa; Georgia, Kazakhstan, the Kyrgyz Republic, Moldova and Tajikistan in Eastern Europe and Central Asia; Kenya, Liberia, Malawi and Zambia in Sub-Saharan Africa; and Guatemala, Mexico and Peru in Latin America. Beyond the level of the economy, the Asia-Pacific Economic Cooperation (APEC) organization uses *Doing Business* to identify potential areas of regulatory reform, to champion economies that can help others improve and to set measurable targets. In 2009 APEC launched the Ease of *Doing Business* Action Plan with the goal of making it 25% cheaper, faster and easier to do business in the region by 2015. Drawing on a firm survey, planners identified 5 priority areas: starting a business, getting credit, enforcing contracts, trading across borders and dealing with permits. The next 2 steps: the APEC economies setting targets to measure results, and the champion economies selected, such as Japan, New Zealand and the United States, developing programs to build capacity to carry out regulatory reform in these areas.¹

1. Muhamad Noor (executive director of APEC), speech delivered at ASEAN-NZ Combined Business Council breakfast meeting, Auckland, New Zealand, March 25, 2010, <http://www.apec.org>.

ing economic journals.

Doing Business uses a simple averaging approach for weighting sub-indicators and calculating rankings. Other approaches were explored, including using principal components and unobserved components. The principal components and unobserved components approaches turn out to yield results nearly identical to those of simple averaging. The tests show that each set of indicators provide sufficiently broad coverage across topics. Therefore, the simple averaging approach is used.

IMPROVEMENTS TO THE METHODOLOGY AND DATA REVISIONS

The methodology has undergone continual improvement over the years. Changes have been made mainly in response to country suggestions. In accordance with the *Doing Business* methodology, these changes have been incorporated into *Doing Business in the Philippines 2011*.

For starting a business, for example, the minimum capital requirement can be an obstacle for potential entrepreneurs. Initially, *Doing Business* measured the required minimum capital regardless of whether it had to be paid up front or not. In many economies only part of the minimum capital has to be paid up front. To reflect the actual potential barrier to entry, the paid-in minimum capital has been used since 2004.

All changes in methodology are explained in the Data notes section of this report as well as on the *Doing Business* website. In addition, data time series for each indicator and city are available on the website. The website also makes available all original data sets used for background papers.

Information on data corrections is provided in the Data notes and on the website. A transparent complaint procedure allows anyone to challenge the data. If errors are confirmed after a data verification process, they are expeditiously corrected.

1. The standard cost model is a quantitative methodology for determining the administrative burdens that regulation imposes on businesses. The method can be used to measure the effect of a single law or of selected areas of legislation or to perform a baseline measurement of all legislation in a country.
2. This has included a review by the World Bank Independent Evaluation Group (2008) as well as ongoing input from the International Tax Dialogue.
3. De Soto, Hernando. 2000. *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Basic Books.
4. Schneider, Friedrich. 2005. "The Informal Sector in 145 Countries." Department of Economics, University Linz.
5. <http://www.enterprisesurveys.org>
6. The World Economic Forum's Global Competitiveness Report uses part of the *Doing Business* data sets on starting business, employing workers, protecting investors and getting credit (legal rights).
7. Narayan, Deepa, Robert Chambers, Meer Kaul Shah and Patti Petesh. 2000. *Voices of the Poor: Crying Out for Change*. Washington, DC: World Bank.
8. World Bank. 2003. *Doing Business in 2004: Understanding Regulation*. Washington, DC: World Bank Group.
9. <http://scholar.google.com>
10. For example, Masatlioglu, Yusufcan, and Jamele Rigolini. 2008. "Informality Traps." *B.E. Journal of Economic Analysis & Policy* 8 (1); Kaplan, David, Eduardo Piedra and Enrique Seira. 2007. "Entry Regulation and Business Start-Ups: Evidence from Mexico." Policy Research Working Paper 4322, World Bank, Washington, DC.; Ardagna, Silvia, and Annamaria Lusardi. 2008. "Explaining International Differences in Entrepreneurship: The Role of Individual Characteristics and Regulatory Constraints." NBER Working Paper 14012, National Bureau of Economic Research, Cambridge, MA.
11. For example, Alesina, Alberto, Silvia Ardagna, Giuseppe Nicoletti and Fabio Schiantarelli. 2005. "Regulation and Investment." *Journal of the European Economic Association* 3 (4): 791–825; Perotti, Enrico, and Paolo Volpin. 2004. "Lobbying on Entry." CEPR Discussion Paper 4519, Centre for Economic Policy Research, London; Fisman, Raymond, and Virginia Sarria-Allende. 2004. "Regulation of Entry and the Distortion of Industrial Organization." NBER Working Paper 10929, National Bureau of Economic Research, Cambridge, MA; Antunes, Antonio, and Tiago Cavalcanti. 2007. "Start Up Costs, Limited Enforcement, and the Hidden Economy." *European Economic Review* 51 (1): 203–24; Djankov, Simeon, Caroline Freund and Cong S. Pham. 2010. "Trading on Time." *Review of Economics and Statistics* 92 (1): 166–73.
12. For example, Freund, Caroline, and Binswara Bolaky. 2008. "Trade, Regulations and Income." *Journal of Development Economics* 87: 309–21; Chang, Roberto, Linda Kaltani and Norman Loayza. 2009. "Openness Can Be Good for Growth: The Role of Policy Complementarities." *Journal of Development Economics* 90: 33–49; Helpman, Elhanan, Marc Melitz and Yona Rubinstein. 2008. "Estimating Trade Flows: Trading Partners and Trading Volumes." *Quarterly Journal of Economics* 123 (2): 441–87.
13. Nunn, Nathan. 2007. "Relationship-Specificity, Incomplete Contracts, and the Pattern of Trade." *Quarterly Journal of Economics* 122 (2): 569–600.
14. Houston, Joel, Chen Lin, Ping Lin and Yue Ma. 2010. "Creditor Rights, Information Sharing, and Bank Risk Taking." *Journal of Financial Economics* 96 (3): 485–512.

Executive summary

Good governance is critical to poverty reduction, economic development, and human development. It ensures the judicious and transparent use of public funds, promotes the growth of a productive and competitive private sector, enhances the effective delivery of public services, and upholds the rule of law.¹ Good governance is particularly important for businesses: when regulations are simple, transparent, and predictable, transaction costs are lower. Entrepreneurs do not have to waste precious resources on red tape. The playing field levels out, enabling anyone to do business without having to resort to connections or informal payments.

In recent years, the Philippines embarked on business and political reforms to promote good governance.² Many of these reforms targeted unnecessary administrative requirements, a major breeder of corruption. While much remains to be done, progress has been made. Many local governments, for example, are taking measures to streamline their business registration and licensing procedures. Supporting these local efforts are national initiatives, such as the recently launched “Nationwide Streamlining of Business Permits and Licensing Systems Reform Project” of the Department of the Interior and Local Government (DILG) and the Department of

TABLE 1.1

Where is it easiest to start a business, deal with construction permits or register property in the Philippines?

City	Ranking (1–25)		
	Ease of starting a business	Ease of dealing with construction permits	Ease of registering property
Batangas City	18	11	11
Cagayan De Oro	14	7	24
Caloocan	11	16	6
Cebu City	7	14	4
Davao City	2	1	20
General Santos	1	3	25
Iloilo City	20	20	22
Lapu-Lapu	5	11	13
Las Piñas	24	10	5
Makati	20	9	21
Malabon	16	22	15
Mandaluyong	9	21	17
Mandaue	13	8	8
Manila	17	13	9
Marikina	8	5	10
Muntinlupa	22	17	19
Navotas	15	15	2
Parañaque	19	18	16
Pasay	10	19	13
Pasig	23	24	3
Quezon City	12	22	17
San Juan	25	25	12
Taguig	3	2	6
Valenzuela	4	6	1
Zamboanga City	6	4	23

Source: *Doing Business* database. Data for Manila are from *Doing Business 2011*.

Trade and Industry.³

Developing information tools to identify opportunities for improvement, point out challenges, and disseminate lessons and good practices can assist these reform endeavors. *Doing Business* is one of these tools. *Doing Business* studies business regulations from the perspective of small to medium-size local firms. Manila represents the Philippines in the global *Doing Business* report, the latest of which compares regulatory practices in 183 economies worldwide. *Doing Business in the Philippines 2008* was the first report to go beyond Manila, to capture these differences in 20 other Philippine cities on 3 *Doing Business* areas: starting a business, dealing with construction permits, and registering property. This report updates the information pre-

sented in 2008 and tracks progress in the implementation of business reforms. It also expands the analysis to 25 cities, to provide a more comprehensive map of business regulation in the country.

The summary results of *Doing Business in the Philippines 2011* are presented in the table above (table 1.1). Across the Philippines, it is easiest to start a business in General Santos, obtain construction permits in Davao City, and register property in Valenzuela. It is most difficult to start a business or obtain a construction permit in San Juan and register property in General Santos.

When comparing the performance in each of the 3 indicators with the results in 2008, some observations stand out: while Taguig and a few other cities emerged as good performers in starting a

business in both reports, many of 2008's top-ranked cities are being surpassed by cities that most improved business regulations, such as Davao City. Makati and Mandaluyong are 2 examples of cities that dropped relative to their peers from 2008 to 2011. Some changes can be attributed to the addition of 5 new cities not measured in *Doing Business in the Philippines 2008*—a few of which have easier business regulations. For example, General Santos and Zamboanga City both rank high on the ease of starting a business and on the ease of dealing with construction permits. In addition, variation exists on an indicator-by-indicator basis: no single city does equally well on all 3 indicators. Davao City ranks best on the ease of dealing with construction permits and second on the ease of starting a business, but is 20th on the ease of registering property. While Pasig ranks third on the ease of registering property, it ranks 23rd and 24th on the ease of starting a business and dealing with construction permits, respectively. One reason for this variation is the more prominent role of the national government in property registration requirements. Meanwhile, local governments are more involved in business start-up and construction permit requirements. Only Taguig and Valenzuela are consistently ranked in the top 7 across all 3 indicators.

LOCAL GOVERNMENTS ARE IMPROVING THE EASE OF DOING BUSINESS

Doing Business in the Philippines 2011 finds that Philippine cities actively reformed their business regulations over the past 2 years. While the economic outcomes directly linked to business reforms have yet to be measured, this report shows that they have already simplified procedures and cut costs for local firms. Many of these improvements came from re-engineering business processes rather than amending laws.

Doing Business in the Philippines 2008 identified good practices in 21 cities, pointed out bottlenecks, and provided recommendations for business reform. Two and a half years later, this report tracks the reforms' progress over time. The results are positive: 65% of the cities benchmarked for the second time show positive reforms in at least 1 of the areas measured. For starting a business, Davao City, Valenzuela, and Pasay posted remarkable improvements. Davao City introduced a single assessment of all business permit fees at the City Treasurer's Office, instead of requiring visits to different agencies. In addition, Davao City now allows businesses to start operations without waiting for an inspection from its City Planning and Development Office and its Bureau of Fire Protection; these inspections now take place after a business is up and running. As a result of its business reforms, Davao City cut 7 procedures, speeding up the start-up process by an average of 16 days. Valenzuela introduced similar reforms and cut 8 procedures and 7 days from the business start-up process. Pasay no longer requires separate applications for its zoning clearance and electrical and mechanical permits; an entrepreneur can obtain a copy of these clearances and permits from the owner of the building and submit them with their business permit application. As a result, 2 procedures were eliminated and an entrepreneur saves PHP 956 (USD 21), on average. Other cities could learn from these successful examples of business reforms on the local level (table 1.2).

Local business reforms are also making it easier to obtain construction permits in a few Philippine cities. In Davao City, officers from its Bureau of Fire Protection are now stationed at city hall to facilitate applications and payments for fire-safety evaluation clearances. In addition, the Davao Light and Power Company changed its refund policy on connection costs. Now an en-

trepreneur is reimbursed for the cost of a transformer after 1 year rather than having to wait until the end of a contract. The same policy was also implemented in Cebu and Mandaue by the Visayan Electric Company. Meanwhile, Parañaque no longer requires entrepreneurs to make separate visits to the city mayor's office for the mayor's clearance—this has become an inter-agency procedure coordinated by its City Planning and Development Office and mayor's office.

Improvements also made it easier to register property in certain Philippine cities. In Caloocan, Malabon, Navotas, and Valenzuela notaries reduced their fees for preparing sale deeds and related documents—from a range of 1 to 3% of the property value in 2008 to just 1% of the property value in 2010. Lower fees reportedly came as a response to increasing competition among notaries in these cities. An entrepreneur saves an average of PHP 41,700 (USD 895) as a result.

At the national level, the Philippines' Land Registration Authority embarked on a nationwide land-titling computerization project to consolidate land records into a single national database and facilitate the registration and authentication of titles. Eighteen out of the 25 cities measured have initiated computerization efforts as of June 1, 2010. The project has not yet started in 7 cities: Caloocan, Malabon, Mandaue, Muntinlupa, Navotas, Valenzuela, and Zamboanga City. While initial phases of computerization may temporarily slow down the process, its completion is expected to accelerate property registration significantly. This is the case of Cebu City, where the completion of all phases of the project has cut 5 days from the time required to register property.

In certain instances, however, changes at the national level do not support the cities' efforts to improve efficiency. The recent national amendment of the Fire Code is an example. In December 2008, Congress enacted the

TABLE 1.2
Nineteen business reforms at the local level since 2008 make it easier to do business

	City or departmental reforms			Implementation of national reforms		
	Starting a business	Dealing with construction permits	Registering property	Starting a business	Dealing with construction permits	Registering property
Caloocan	✓		✓		✗	
Cebu City	✓				✓	✓
Davao City	✓	✓			✓	
Las Piñas					✗	
Makati					✗	
Malabon			✓		✗	
Mandaluyong	✓				✗	
Mandaue					✓	
Manila	✓				✗	
Marikina					✗	
Muntinlupa					✗	
Navotas			✓		✗	
Parañaque		✓			✗	
Pasay	✓		✓		✗	
Quezon City	✓				✗	
San Juan	✓				✗	
Taguig					✗	
Valenzuela	✓		✓		✗	

✓ *Doing Business* reform making it easier to do business

✗ *Doing Business* reform making it more difficult to do business

Note: A reform is counted as 1 reform per city per indicator. The reforms occurred between January 2008 and June 2010.

Source: *Doing Business* database. Data for Manila are from *Doing Business 2011*.

Fire Code of the Philippines or Republic Act No. 9514, updating the previous Fire Code of 1977 (Presidential Decree No. 1185). The new Fire Code mandates a fire safety inspection to be issued by the Bureau of Fire Protection as a prerequisite to any permits or licenses issued by local governments.⁴ In line with international good practice, an inspection of new construction is necessary to ensure that an establishment will be safe from fire hazards, and is mandatory to obtain the certificate of occupancy. However, the Implementing Rules and Regulations of the Philippines' new Fire Code require any new business to secure a Fire Safety Inspection Certificate as a prerequisite to a business permit,⁵ even when the new business is leasing space in a building that has a certificate. This adds an unnecessary burden to an entrepreneur

who wants to start a business legally. Furthermore, implementation of these provisions is uneven.⁶ The new Fire Code also imposes additional requirements to obtain construction permits. Now payments related to fire clearances must be made to the Bureau of Fire Protection instead of the Office of the Building Official. Marikina and Valenzuela are two cities that had integrated these payments at their Office of the Building Official and now must add an additional requirement for local firms.

Mandatory notarization of building-permit forms is another example of how national laws, applied unevenly, may create additional hurdles for local firms. The 2004 revision of the National Building Code's Implementing Rules and Regulations required notarization of building-permit forms. However, implementation

of this requirement varied from city to city until 2009, when the Department of Public Works and Highways issued a circular, allowing the use of the old building permit forms, which do not require notarization. A court case questioning the Implementing Rules and Regulations of the National Building Code is still pending.⁷

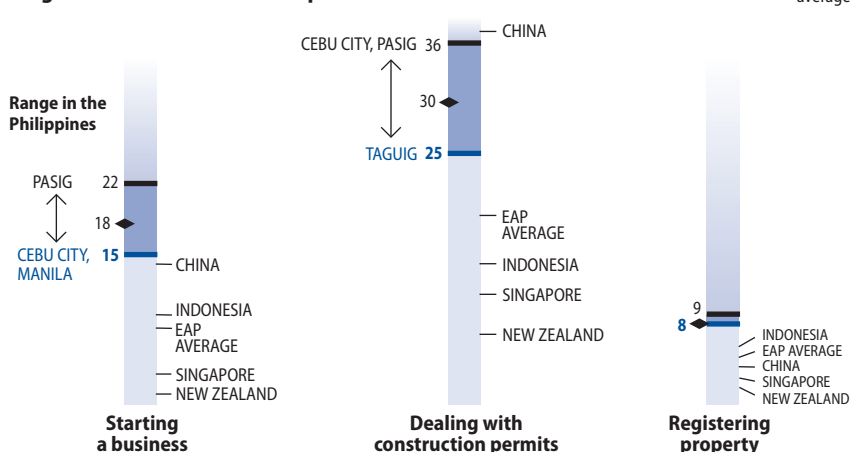
On the other hand, national-level reforms can promote better business regulations at the local level. In 2007, Congress passed Republic Act No. 9485, otherwise known as the "Anti-Red Tape Act," requiring local and national government agencies to draft their Citizen's Charter, which is an official document that describes the procedures for obtaining a particular service and the guaranteed performance level that the public may expect. A Citizen's Charter is intended, in part, to avert graft and other corrupt practices. While many cities, such as Pasay, have drafted their Citizen's Charters and display them at city hall implementation is inconsistent from city to city and a national mechanism for enforcing the charter remains to be established.

COMPARING BUSINESS REGULATIONS ACROSS CITIES

The number of procedures required to start a business, and deal with construction permits shows wide variation across the 25 cities included in this study (figure 1.1). This is not surprising in a country of over 7,000 islands, where the Local Government Code of 1991 granted significant powers to the 80 provincial, 122 city, and 1,497 municipal governments—while retaining other powers within the central national government.

While the power of local governments to regulate commercial activities is subject to certain limitations prescribed under the Local Government Code and other national laws, the national government can only supervise local governments to ensure that they do not exceed

FIGURE 1.1

Large variations in number of procedures across cities

Note: EAP denotes the East Asia and the Pacific region.

Source: Doing Business database.

their powers, according to the constitution.⁸ As a result, national government initiatives to institute uniform standards and best practices in cities cannot simply be imposed top-down. National initiatives must be implemented with buy-in from the local governments, which requires considerable time and effort.

The multi-level regulatory and legal framework is further complicated by the fact that local governments must strike a balance between their mandate to promote local economic development, on the one hand, and their mandate to promote public welfare, health, and safety, on the other. Local governments often resort to raising taxes and fees, which may act as economic disincentives for local firms. In addition, national agencies retain responsibility over their local branches' procedures and, thus, are crucial to the process of reducing the burden on local entrepreneurs.

Decentralization is not without problems in any large and complex economy. A recent review in Indonesia found that most local regulations were inconsistent with national laws and incomplete or distorting to economic activity.⁹ Local governments and national government agencies must work together to create an environment where businesses can flourish.

STARTING A BUSINESS

In Manila and Cebu City, 15 procedures are necessary to start a business—compared to 22 in Pasig. It takes entrepreneurs 22 days to start a business in General Santos, while it takes more than double in Iloilo City (56 days). The cost to entrepreneurs ranges from 15% of income per capita in General Santos to 36% in Makati. The variation in the number of procedures, time, and costs among the 25 cities are due to local business registration requirements as well as differences in the efficiency of local branches of national agencies. Completing business registration is faster where local business start-up requirements are consolidated at one-stop shops. It is also faster in those cities where certain requirements, such as inspections, can be fulfilled after the city has issued the business permit based on a low-risk or high-risk assessment. Cost differences are driven mainly by business taxes and garbage fees levied by local governments, which local firms pay when applying for a business permit.

DEALING WITH CONSTRUCTION PERMITS

Taguig requires only 25 procedures for a permit to build a warehouse. To compare, Cebu City and Pasig require 36 pro-

cedures. The differences are due to additional requirements imposed by certain cities on top of National Building Code's standard requirements. The time needed varies from 46 days in Zamboanga City to 169 days in Manila. The longest delays in Manila are the 63 days needed to get a building permit and the 56 days it takes to connect to electricity. Wide variations also exist in terms of cost. Davao City is the least expensive city to obtain construction permits at 94.2% of income per capita. In Iloilo City, the cost is more than 10 times higher: 1,035.3% of income per capita. The difference is driven mostly by the high cost of an electricity connection in Iloilo City.

REGISTERING PROPERTY

Registering property involves 8 standard procedures. Nine out of the 25 cities add a locally required inspection for a total of 9 procedures. In terms of time, Mandaluyong offers the fastest property registration in 22 days. Meanwhile, Cagayan de Oro and Lapu-Lapu offer the slowest, at 81 days and 64 days, respectively. The time differences can be attributed mainly to the performance of the Register of Deeds and the regional district offices of the Bureau of Internal Revenue. Cities also vary on property registration costs. Zamboanga City, General Santos, and Cagayan de Oro charge the most—with registrations costing 5.8%, 5.6%, and 5.3% of the property value, respectively. The cities with the lowest costs are Mandaue, Navotas, and Valenzuela—with registrations costing 3.3%, 3.5%, and 3.5% of the property value, respectively. Variations in the property transfer tax and notarization fees, both of which are assessed as a percentage of the property value, drive the differences in costs across cities.

LEARNING FROM EACH OTHER

Benchmarking exercises like *Doing Business* inspire governments to improve business regulations. They uncover potential challenges and identify where pol-

icy makers can look for good practices. Subnational comparisons between cities within the same country can be stronger drivers of reform than international comparisons, because local governments have a hard time explaining why doing business in their city may be harder than in neighboring locations. The good news is that sharing a national legal framework facilitates the implementation of existing good local practices within a country. National governments can also use *Doing Business* data to monitor how efficiently the local branches of their agencies implement national regulations. Local governments can compare their regulations with those of their neighbors.

The example of Colombia is telling. *Doing Business in Colombia 2008* identified good practices in 13 cities, pointed out bottlenecks, and provided recommendations for business reform. Two years later, a new report tracked progress over time. The results were impressive. All 13 cities showed improvements in at least 1 of the areas measured, thanks to local-level reforms. Similarly, *Doing Business in India 2009* showed that 9 out of 10 Indian states benchmarked for the second time had introduced business reforms. As a result of these reforms, the average time to start up a company dropped from 45 to 35 days and the time to obtain a building permit was reduced by 25 days, on average. The conclusion: what gets measured gets reformed.

Reform-minded local governments can use *Doing Business* indicators to motivate and sustain business reform efforts. There is no need to reinvent the wheel: it is sufficient to start by introducing the business reforms that have been successfully implemented in other cities. In fact, cities in the Philippines have a lot to gain from adopting the best regulations and practices that already exist in the country (table 1.3). A good example is the one-stop shop in Manila, established through the Standard Business Registration and Permit Processes.

TABLE 1.3
Best practices in the Philippines compared internationally

Indicator	Global Rank (183 economies)
Days to deal with construction permits Zamboanga City (46 days)	5
Days to register property Mandaluyong (22 days)	49
Cost to register property Mandaue (3.35% of property value)	64
Cost to deal with construction permits Davao City (94.24% of income per capita)	67
Cost to start a business General Santos (15.32% of income per capita)	95
Days to start a business General Santos (22 days)	101
Number of procedures to register property More than half of all the cities (8 procedures)	137
Number of procedures to deal with construction permits Taguig (25 procedures)	155
Number of procedures to start a business Cebu City and Manila (15 procedures)	175

Source: *Doing Business* database. Data for Manila are from *Doing Business 2011*.

Another is the one-time assessment of fees that Davao City and Valenzuela have introduced. Yet another good practice is found in Pasay, where separate applications for zoning clearance and fire and mechanical permits are no longer necessary in cases where the building in which a new business plans to operate has them already.

Concrete results can be obtained by replicating the best local practices. In business start-up, if a hypothetical Philippine city followed the example of General Santos—where the Certificate Authorizing Registration¹⁰ is processed by the Bureau of Internal Revenue in 1 day, registration with the Social Security System takes 1 day, and the print shop prints the receipts—in only 3 days—starting a business could take just 22 days, similar to Chile. Start-up costs would come to 15.3% of income per capita, comparable to Spain or Colombia. Regarding construction permits, following the procedures in Zamboanga City, where it takes 46 days, would speed up the building of a warehouse in this hypothetical Philip-

pine city so that it's faster than in Hong Kong SAR (China) where it takes 67 days. Adopting the property registration practices found in Mandaluyong would allow our hypothetical city to register property in 22 days—thus ranking 49th in registration speediness worldwide, ahead of Indonesia and Malaysia. If registration costs were cut to just 3.35% of the property value, as seen in Mandaue, our hypothetical city could rank 24th globally for property-registration costs, alongside Peru. In terms of the number of procedures required for the 3 *Doing Business* indicators measured here, even the best-performing cities in the Philippines lag behind their peers abroad. Cutting procedures remains the number one challenge for future business reforms.

The payoffs of business reforms can be large. Higher rankings on the ease of doing business are associated with more growth, more jobs, and a smaller informal sector.¹¹ Business reforms expand the reach of regulation by bringing firms and employees into the formal sector.

There, workers can have health insurance and pension benefits. Businesses pay taxes. Products are subject to quality standards. In addition, formal firms have greater access to bank credit to fund expansions and courts to resolve disputes. Business reforms that reduce informality and enforce property rights benefit women especially, because they make up a large share of the informal sector.

For the first time in 8 years, *Doing Business 2011* finds that economies in East Asia and the Pacific were among the most active in making it easier for local firms to do business. Eighteen of 24 economies in the region reformed business regulations and institutions—more than in any other year. These business reforms include the introduction of a one-stop shop in Manila and improvements in its electronic customs systems. The Philippines can look internally and to neighbors to learn from positive reform experiences.

Studies from other countries suggest that 85% of business reforms occur in the first 15 months of a new administration.¹² With the national presidential elections having just taken place in May 2010, this may be the best time for the Philippines to increase the pace of business reforms.

1. Asian Development Bank. 2005. Philippines Country Governance Assessment. Manila: The Asian Development Bank.
2. Examples are the Comprehensive Agrarian Reform Program, decentralization, democratization of the political system, electoral modernization, and overall modernization of the economy.
3. The Nationwide Streamlining of Business Permits and Licensing Systems (BPLS) Reform Project was launched on August 6, 2010. Marking the event was the signing of a Joint Department Administrative Order on the roles of the Department of Trade and Industry and the Department of the Interior and Local Government in the implementation of the project and of a Memorandum of Agreement to provide a mechanism to jointly address constraints to local investment generation. The BPLS project is an offshoot of the Standard Business Registration and Permit Processes project in Mandaluyong, Manila, Marikina, and Quezon City, which created traction for a nationwide upscaling.
4. Section 7 (a), Republic Act No. 9514.
5. Section 9.0.4.1, Implementing Rules and Regulations, Republic Act No. 9514.
6. The starting a business data do not include the amendment of the Fire Code given the lack of consensus and final directive on the matter for business registration.
7. In September 2009, the Department of Public Works and Highways issued NBCDO Memorandum Order Circular No. 2, in response to an injunction issued by the Court of Appeals in relation to Civil Case No. 05-112479 entitled "PSSE v. the DPWH Secretary." The Memorandum Order Circular instructs the local building officials not to use the new building permit application forms until the case has been resolved by the courts. The case, which was filed by Philippine sanitary and civil engineers, questions the new rule in the Implementing Rules and Regulations giving architects the exclusive right to prepare, sign and seal building plans.
8. Article X, Sec. 4, of the Philippine Constitution states that the President of the Philippines shall exercise general supervision over local governments.
9. Regional Autonomy Watch (Komite Pemantauan Pelaksanaan Otonomi Daerah, KPPOD) and the Asia Foundation. 2008. Local Economic Governance in Indonesia: A Survey of Businesses in 243 Regencies/Cities in Indonesia, 2007. Prepared with support from the United States Agency for International Development. Jakarta.
10. The Certificate Authorizing Registration is issued by the Bureau of Internal Revenue Commissioner or his authorized representative, attesting that the transfer and conveyance of land, buildings/improvements or shares of stock arising from the sale, barter or exchange has been reported and the taxes due inclusive of the documentary stamp tax, have been paid.
11. Djankov, Simeon, Caralee McLiesh and Rita Ramalho. 2006. "Regulation and Growth." *Economics Letters* 92(3): 395-401.
12. World Bank. 2007. *Celebrating Reform 2007*. Washington, DC: World Bank Group and United States Agency for International Development.

Starting a business

The creation of new firms is closely linked to economic development. New businesses are an indicator of entrepreneurial activity:¹ they offer new jobs,² provide added value, and introduce innovations³ consequently stimulating economic growth. It is, therefore, imperative to engender an environment favorable to the creation of new firms. In the Philippines, this is particularly critical among small and medium-size enterprises which represented 99.6% of all businesses registered in the country and employed 69.9% of the total labor force in 2006. They contributed 32% of the country's gross domestic product that year.⁴

New firms are created and job opportunities multiply when starting a business is made easier. Research shows that when registration becomes faster and costs are cut, more firms enter the market.⁵ For example, after Malaysia reduced its company registration fees as part of the government's economic stimulus package, 320,000 new businesses were registered in 2009.⁶ In Mexico, the number of new firms increased by 5% and employment grew by 2.8% following the introduction of a one-stop shop for business registration.⁷

Starting a business in a Philippine city takes an average of 18 procedures and 33 days, and it costs 24.4% of income

TABLE 2.1
Where is it easy to start a business—and where not?

Rank	City	Procedures (number)	Time (days)	Cost (% of income per capita)	Paid-in minimum capital (% of income per capita)
1	General Santos	17	22	15.3	6
2	Davao City	17	27	17.0	6
3	Taguig	16	28	23.2	6
4	Valenzuela	16	32	20.4	6
5	Lapu-Lapu	17	31	20.0	6
6	Zamboanga City	20	28	16.9	6
7	Cebu City	15	31	24.7	6
8	Marikina	16	29	24.3	6
9	Mandaluyong	19	28	21.7	6
10	Pasay	17	32	22.2	6
11	Caloocan	16	28	33.3	6
12	Quezon City	16	36	21.4	6
13	Mandaue	18	35	19.9	6
14	Cagayan de Oro	17	32	27.8	6
15	Navotas	21	34	21.0	6
16	Malabon	20	32	26.7	6
17	Manila	15	38	30.3	6
18	Batangas City	19	34	26.7	6
19	Parañaque	20	35	26.0	6
20	Makati	19	33	36.0	6
20	Iloilo City	20	56	22.3	6
22	Muntinlupa	20	36	26.9	6
23	Pasig	22	36	26.1	6
24	Las Piñas	21	35	34.7	6
25	San Juan	21	39	26.3	6

Note: The ease of starting a business rankings are the average of the city rankings on the procedures, time, cost and paid-in minimum capital for starting a business. See Data notes for details.

Source: *Doing Business* database. Manila data is from *Doing Business 2011*.

per capita. In 2008, it took on average 2 days longer and cost 2.6% more to do the same. The average number of procedures measured in the 2008 and 2011 reports has not changed; it remains more than double the regional average of 8 procedures. To compare globally, Equatorial Guinea, the country that requires the highest number of procedures for starting a business among all 183 economies measured by *Doing Business 2011*—requires just 2 procedures more. In terms of business start-up time, the Philippine average of 33 days is below East Asia and the Pacific's regional average of 39 days but more than 10 times that of world-leader Singapore (3 days). The average cost is higher than Indonesia's 22% of income per capita (figure 2.1). Among

Philippine cities studied, starting a business is easier in General Santos, Davao City, and Taguig and more difficult in Las Piñas and San Juan (table 2.1).

WHAT IS MEASURED?

Doing Business in the Philippines 2011 measures all the necessary steps to enable a small or medium-size enterprise engaged in general commercial or industrial activities to operate legally in 25 Philippine cities—including all permits, inscriptions, notifications, and inspections. The time and cost required to complete each procedure under normal circumstances are calculated, as well as the minimum paid-in capital requirement. It is assumed that all information is readily available to the entrepreneur, that there has been no prior contact with officials, and that all entities involved in the start-up process function without corruption. See the detailed description of the standard case in the Data notes.

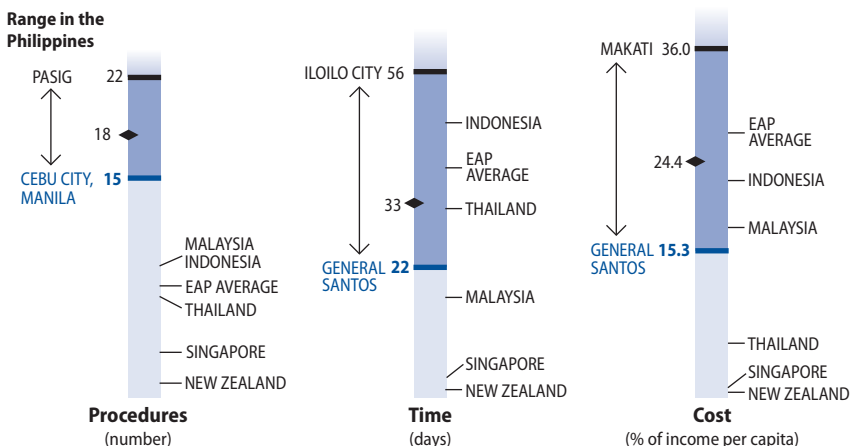
The minimum paid-in capital requirement to start a business in the Philippines is PHP 5,000 (USD 107), equivalent to 6% of income per capita. While a minimum paid-in capital requirement is intended to discourage shell and fraudulent firms, companies can simply withdraw it once the Securities and Exchange Commission has issued the certificate of registration, defeating the purpose of protecting investors in the event of insolvency. International experience shows that minimum capital requirements can be a barrier to entry and can discourage companies from registering. Economies such as Australia, Canada, France, Germany, Hong Kong SAR (China), Singapore, Thailand, the United Kingdom, and the United States do not mandate any minimum capital.

Business registration can be grouped into 5 major phases: (1) incorporating and registering with the Securities and Exchange Commission; (2) obtaining the local business permit or mayor’s permit to operate and other local government offices; (3) obtaining clearances from the Bureau of Fire Protection; (4) registering to pay taxes with the Bureau of Internal Revenue; and (5) registering with the Social Security System and Philippine Health Insurance Corporation (PhilHealth).

Differences in the procedures across the 25 cities derive mainly from local requirements and practices (figure 2.2). Manila and Cebu City require the fewest number of procedures: 15. Las Piñas, Navotas, and San Juan each require 21 procedures to start a business, while Pasig requires 22—the most of any Philippine city measured.

Local requirements specific to some cities only include notarization of the business permit application, sanitary and environmental permits, temporary Fire Safety Inspection Certificate, and locational clearance. Cagayan de Oro, Lapu-Lapu and Mandaue require verification of real property tax payment.

FIGURE 2.1 Starting a business in the Philippines compared internationally



Note: EAP denotes the East Asia and the Pacific region.
Source: Doing Business database.

Muntinlupa requires a stamp of approval for the Certificate of Occupancy and Zamboanga requires police clearance. These additional procedures add to the time it takes to start a business.

In addition to local requirements, firms have to complete national level requirements. The Philippine National Internal Revenue Code and Bureau of Internal Revenue policies require entrepreneurs to buy specialized accounting books, obtain authorization to print receipts, and have the printed receipts stamped by the Bureau of Internal Revenue. It has been argued that having books and receipts registered and stamped minimizes tax evasion. However, this is not necessarily the case as companies can find alternative means of accounting to hide revenue from the Bureau of Internal Revenue.

Across all 25 cities, General Santos is fastest with 22 days, while Iloilo City is slowest with 56 days. Obtaining a business permit and having necessary receipts and invoices printed are the main causes of delays (figure 2.3).

Starting a business is less costly outside Metro Manila. General Santos, Zamboanga City, and Davao City in Mindanao are the cheapest cities while Cagayan de Oro is the most expensive city outside Metro Manila (27.8% of income

per capita). This city has higher sanitary inspection fees than other cities outside Metro Manila and requires an occupation permit, an oath fee, and a health certificate. Firms within Metro Manila pay more, because of higher business permit fees, but are also burdened with higher business taxes and garbage fees. Comparing internationally, however, average costs of starting a business in 20 out of the 25 Philippine cities are lower than the East Asia and Pacific average of 27.1% of income per capita.

Since publication of *Doing Business in the Philippines 2008*, individual cities have taken steps to ease the business start-up burden on local firms (table 2.2).

One major initiative is the introduction of the Standard Business Registration and Permit Process, a joint initiative of the League of Cities of the Philippines, the Department of the Interior and Local Government, and the Department of Trade and Industry. The Standard Business Registration and Permit Process was launched in February 2009 to simplify and standardize business registration and permit processes in Philippine cities. To achieve this, 5 major reforms were implemented: (1) the unified and single business registration application form, (2) the strengthening of the Business

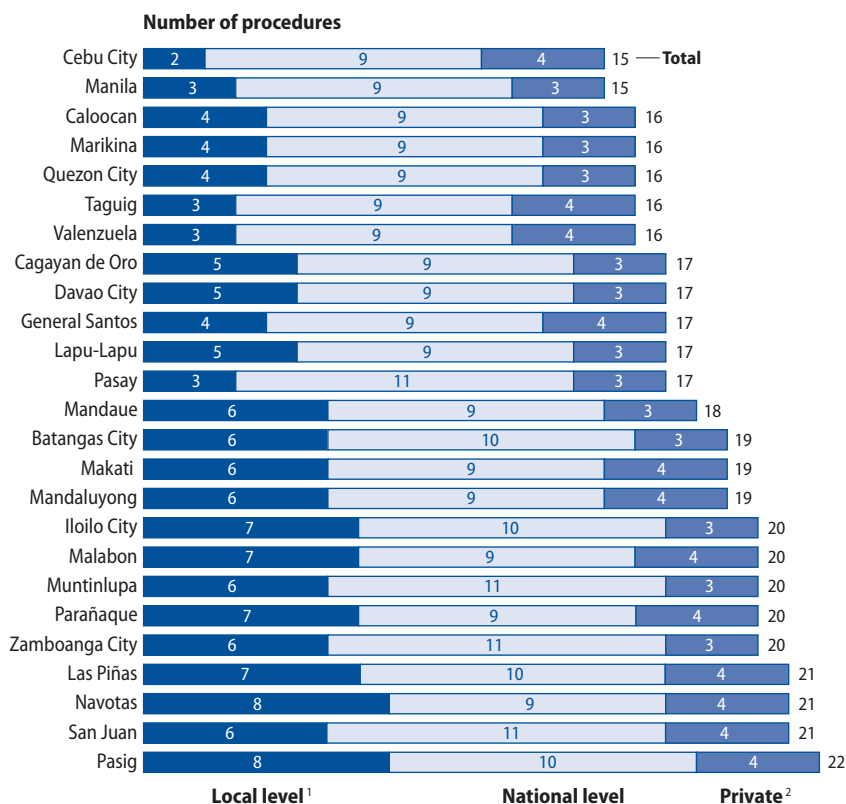
Permits and Licensing Office to coordinate the Standard Business Registration and Permit Process, (3) the one-time assessment for all business registration-related fees and charges, (4) the one-time payment at the City Treasurer's Office, and (5) the creation of a joint inspection coordination team to be composed of the Business Permits Licensing Office, the Planning and Development Office, the Health/Sanitary Office, the Office of the Building Official/City Engineer's Office, the Waste Management Office/Environment Protection and Waste Management Office, and the Bureau of Fire Protection. The fifth and final reform is to be implemented as soon as issues surrounding the new Fire Code are resolved.

The first 4 of these reforms were piloted in Mandaluyong, Manila, Marikina⁸, and Quezon City. Manila set up a physical one-stop shop, called the Business One-Stop Shop (BOSS), where one-time assessments are conducted and one-time fees are paid. The Business Permits and Licensing Office and the City Treasurer's Office deputize staff to the Business One-Stop Shop so that the entrepreneur does not have to leave the one-stop shop to complete these transactions. Manila also did away with an inspection from the Licensing Section of the mayor's office. As a result of this reform Manila cut business start-up time by 15 days (figure 2.4). Mandaluyong, the other city with a one-stop shop, cut the time needed to obtain a business permit at the Business Permits and Licensing Office from 3 days to 1 day.

Quezon City also initiated significant reforms by way of the Standard Business Registration and Permit Processes which were implemented after the cutoff date for the study. However, within the period of the study, Quezon City eliminated 2 requirements—notarization of the application form for business registration and the Fire Safety Inspection Certificate.

The efforts in the 4 pilot cities are consistent with the Philippine Business

FIGURE 2.2
Number of procedures to start a business



1. Includes community tax certificate and barangay clearance.

2. Private procedures required by law or regulation include notarizing articles of incorporation and treasurer's affidavit, printing receipts and invoices, and buying special books of account.

Source: *Doing Business* database. Data for Manila are from *Doing Business 2011*.

Registry, which aims to become an online single-access point to start a business. In December 2006, the President directed the Department of Trade and Industry to establish and administer the Philippine Business Registry.⁹ This business portal is intended to allow for online business applications with all national government agencies involved—such as the Securities and Exchange Commission, the Bureau of Internal Revenue, the Social Security System, and PhilHealth. As of November 2009, only 19 of 28 targeted agencies had signed the memorandum of agreement with the Department of Trade and Industry formalizing their commitment to the project. Many of the agencies have yet to complete the interface between their respective registration systems and the Philippine Business Registry.¹⁰

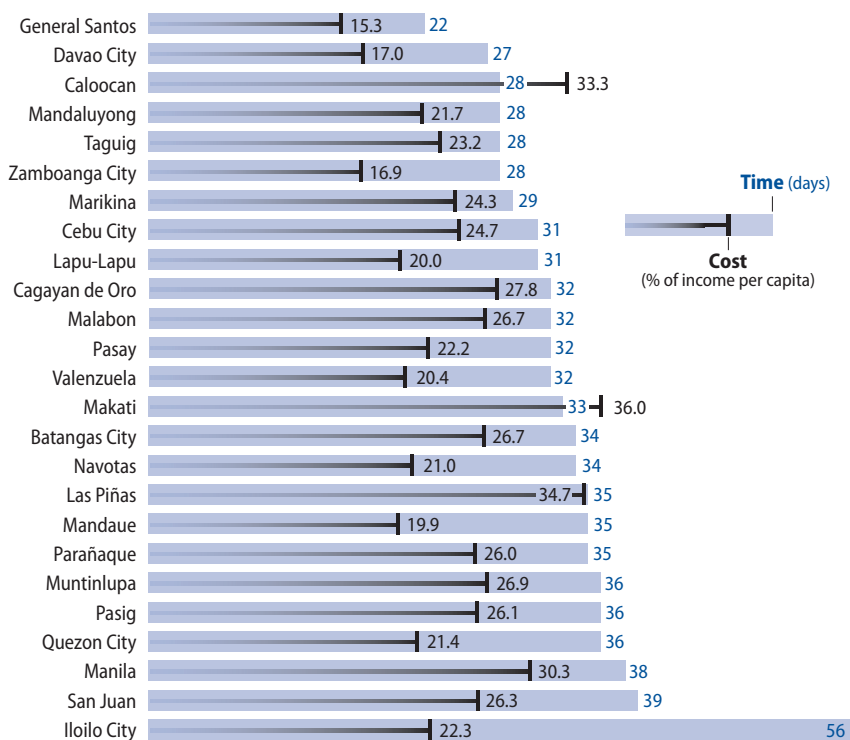
Other cities have independently in-

troduced reforms inspired by the Standard Business Registration and Permit Process, Caloocan eliminated the requirement for notarization of forms. It is generally believed that requiring applicants to make statements under oath serves as a disincentive to lying on their business-permit applications lest they be found liable for perjury. However, only Navotas and General Santos have actually filed any cases against applicants who were found to have lied on their application forms.¹¹

Davao City cut 7 procedures and 16 days in the issuance of the business permit, allowing inspections and certain requirements to take place after the business is up and running, but before renewal of the business permit the following year.

Similarly, in Cagayan de Oro, Ca-

FIGURE 2.3

Time and cost to start a business—General Santos is fastest and cheapest

Source: *Doing Business* database. Data for Manila are from *Doing Business 2011*.

loocan, Lapu-Lapu, Mandaue, Valenzuela, Las Piñas, Malabon, and Taguig, inspections are conducted after the issuance of the business permit, but before the renewal of the permit the following year.

Cebu City further streamlined business start-ups by integrating previously separate steps into a single procedure. Cebu City uses the Department of Trade and Industry's National Economic Research and Business Action Center (NERBAC), which has been operational in the city since May 2008. Notarized application forms are now submitted to a city hall representative at NERBAC Region 7 for verification, assessment, and payment of the business permit fees and taxes. Cebu City inspections are conducted by a joint team, consisting of representatives from the Zoning Department, Office of the Building Official, City Health Department, Bureau of Fire Protection, and the mayor's office.

The Local Government Code requires Philippine entrepreneurs to obtain a clearance from their barangay (the smallest political unit) before they can do business in the area.¹² The barangay clearance has generally been a prerequisite to getting a business permit, although the regulatory purpose for this requirement is not entirely clear.¹³ Because of the differences in barangay and community set-ups coupled with the autonomy granted by the Local Government Code, barangays within the same city may have different procedures and fees for issuing barangay clearances, which may encourage firms to apply in those barangays where conditions are more favorable. A number of cities recognize the potential delays created by the barangay clearance and have taken measures to address this.¹⁴ Cebu City allows entrepreneurs to secure the barangay clearance after the issuance of the Business Tax Payment Certificate, while Taguig imposes limits

on the fees that barangays can charge.

Pasay eliminated 2 procedures and saved entrepreneurs PHP 956 (USD 21) by no longer requiring firms to obtain a zoning clearance and electrical and mechanical permits, if the new business operates in a building whose owner already obtained these clearances and permits. A photocopy suffices.

Since 2008, 7 out of the 21 cities measured used application forms for the business permit that could be downloaded from the city government website. This study finds that 3 more cities introduced this service. In Davao City, however, applicants must submit the completed application form to the city's Business Bureau for encoding and wait for the print-out of the encoded application form, before they can proceed with the rest of the business permit application process. This thus cancels out the potential time saved from having the business application form available online.

Local governments offer good practices that their peers could emulate. The following recommended reforms could facilitate business start-ups across the Philippines.

WHAT TO REFORM

SIMPLIFY LOCAL BUSINESS PERMIT REQUIREMENTS

Local governments could follow the examples of Cebu City, Davao City, Manila, and Valenzuela, which significantly streamlined their business registration processes by eliminating unnecessary certificates, permits, and clearances previously required of low-risk businesses especially.

Another way to make registration more efficient is to eliminate the inspections before a low-risk firm commences business operations. Cebu City has a joint team of inspectors visiting businesses after they receive their permit. The joint team classifies businesses by

TABLE 2.2

Nine out of the 20 cities benchmarked in 2008 made it easier to start a business

	Streamlined procedures to obtain business permit				
	Adopted a unified and single application form	Introduced a one-time assessment and/or payment system	Reduced registration requirements	Eliminated notarization of application form	Allowed application form to be obtained from city website
Caloocan				✓	
Cebu City		✓	✓		
Davao City		✓	✓		✓
Mandaluyong	✓	✓			
Manila	✓	✓	✓		
Pasay			✓		
Quezon City			✓	✓	
San Juan					✓
Valenzuela		✓	✓		✓

Note: Records business reforms that occurred between January 2008 and June 2010.
Source: *Doing Business* database. Manila data is from *Doing Business 2011*.

risk levels and, instead of inspecting all businesses, focuses the inspections on those of higher risk to the public.

CREATE A ONE-STOP SHOP FOR LOCAL- AND NATIONAL-LEVEL REGISTRATION REQUIREMENTS

One-stop shops can reduce the number of procedures, time, and cost to start a business. In 2005, it took 11 procedures and 78 days to start a business in Portugal. After the one-stop shop was set up, Portugal became one of the easiest places in the world to start a business. It now requires only required 6 procedures and costs 6.5% of income per capita.¹⁵ Egypt introduced a one-stop shop for business start-up that brings together 30 government agencies. In Indonesia, the introduction of one-stop shops helped save time: the process that used to require 12 procedures and 105 days in 2007/08 requires just 9 procedures and 47 days in 2010.¹⁶

In the Philippines, corporate registration (with the Securities and Exchange Commission) could be integrated with tax registration (with the Bureau of Internal Revenue) and with social services registration (with the Social Security System and PhilHealth). Further reform could also integrate local business permits with national procedures. While a one-stop shop is

one of the goals of the Philippine Business Registry, it will take some time for it to become operational. Many of the agencies—most notably, the Security and Exchange Commission—are still in the process of developing or improving their respective systems. The Department of Trade and Industry's NERBAC offices also have a long way to go to interface with all regional and local permit/license issuing agencies.

For the Philippine Business Registry to succeed, it is critical that the concerned agencies commit to this initiative. Existing efforts of the various national agencies to modernize their information and communication technology systems should be aligned with the Philippine Business Registry system, starting with the full implementation for the single registration process for the Social Security System and PhilHealth.

In the meantime, local governments can start consolidating procedures to obtain business permits at their local level. Cities can follow the Standard Business Registration and Permit Process standards now being adopted in Manila, Mandaluyong and Quezon City, and Cebu City (through NERBAC) in taking steps toward unifying the procedures into one-stop shops.

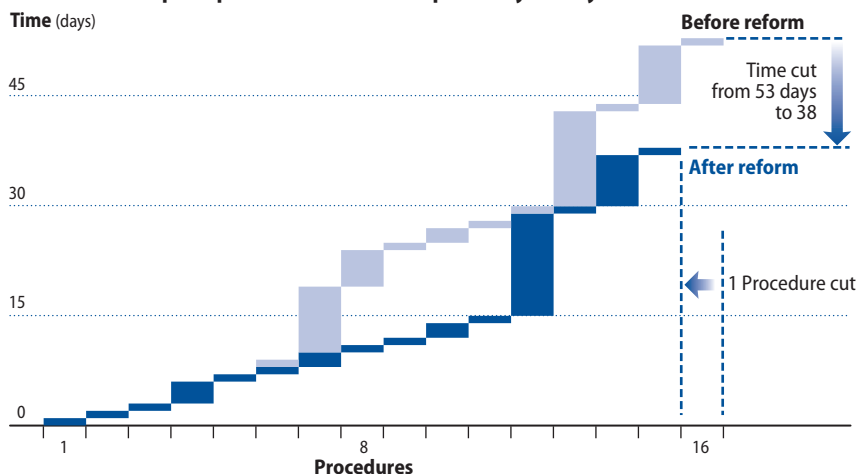
ELIMINATE THE REGISTRATION OF BOOKS AND RECEIPTS AT THE BUREAU OF INTERNAL REVENUE

The legalization of books and receipts is an outdated practice as firms increasingly use electronic means of accounting. Among 183 economies measured by *Doing Business*, only 25 (less than 14%) require newly created limited liability firms to obtain certified books or legalize books.¹⁷ The other 86% no longer require this procedure. While the Philippines' Bureau of Internal Revenue gives companies the option to register their computerized accounting system, this procedure actually takes longer. Thus, even if an entrepreneur intends to use a computerized accounting system from the very beginning, a new business in the Philippines has to purchase the special books of accounts and have these registered with the Bureau of Internal Revenue, just to get up and running.

IMPROVE TRANSPARENCY AND FOSTER THE PUBLICATION OF BUSINESS PROCEDURES

One of the requirements of the Philippines' Anti-Red Tape Act of 2007 is for Citizen's Charters to be displayed prominently in all government offices showing among others, the services provided by that office and standards on quality and

FIGURE 2.4

Manila one-stop shop cut business start-up time by 15 days

Note: *Doing Business 2010* number of procedures for Manila was adjusted to reflect a data correction for the additional procedure to notarize the articles of incorporation.

Source: *Doing Business* database.

timeliness to be expected from the agency rendering these services. Pasay, Malabon, Quezon City, Lapu-Lapu, Caloocan, and Zamboanga City are among the cities that already prominently display their Charters in city halls. Requiring local governments to implement a comprehensive and strategic public awareness program—including the display of their Charters and work processes prominently at city hall and other government offices—reduces legal uncertainty, minimizes the need for fixers, and creates greater accountability. The Civil Service Commission—which is responsible for monitoring national and local government compliance with the Anti-Red Tape Act—and the Department of the Interior and Local Government—which is responsible for supervising the conduct of local government units—will have to play a significant role in this initiative.

A related recommendation is to improve and update the Web sites of local governments and national government agencies in the Philippines. It is particularly important that requirements, forms, and fees for specific services are accurate and accessible online, and that this information is consistent with actual practice.



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2. Baptista, R., V. Escaria, and P. Madruga. 2005. *Entrepreneurship, Regional Development and Job Creation: Case for Portugal*. Discussion papers on Entrepreneurship, Growth and Public Policy No 0605, Max Planck Institute for Research into Economic Systems, Group Entrepreneurship, Growth and Public Policy.
3. Fritsch, M., Mueller, P. 2004. "The Effects of New Firm Formation on Regional Development over Time." Paper presented at the DRUID Summer Conference 2004 on Industrial Dynamics, Innovation and Development, Elsinore, Denmark, June 14-16, 2004.
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5. Motta, Marialisa, Ana Maria Oviedo and Massimiliano Santini. 2010. "An Open Door for Firms: The Impact of Business Entry Reforms." Washington, DC: World Bank Group.
6. Suruhanjaya Syarikat Malaysia (Companies Commission of Malaysia), press release, March 31, 2009.
7. Bruhn, Miriam. 2008. "License to Sell: The Effect of Business Registration Reform on Entrepreneurial Activity in Mexico." Policy Research Working Paper 4538. Washington, DC: World Bank.
8. Marikina has been delayed in implementing the Standard Business Registration and Permit Processes (SBRP) reforms because the city was among the hardest hit by Typhoon Ketsana in September 2009 and had to prioritize disaster relief and rehabilitation efforts. The city expects to experience similar improvements when it begins to implement the SBRP reforms.
9. The national government issued Executive Order 587 on December 8, 2006.
10. Philippine Information Agency Region 7.
11. This information was provided by local government officials during the Right of Reply meetings. See the detailed description of Right of Reply meetings in the Data notes.
12. Section 158 of the Local Government Code provides that "no city or municipality may issue any license or permit for any business or activity unless a clearance is first obtained from the barangay where such business or activity is located or conducted. For such clearance, the barangay council may impose a reasonable fee."
13. The barangay clearance may be issued for a number of reasons: it is a tool for generating revenue for the barangay. It is also a means to enable barangays to verify the existence of the business and the identities of the persons seeking to operate such business. It is also a means to determine whether the presence of the business in the community should be opposed on grounds of health and sanitation, public safety, peace and order, and environmental protection, among others. Ateneo School of Government and International Finance Corporation. 2010. "Regulatory Simplification Project Policy Notes" pp. 26-27.
14. Under Art. X, Section 5 of the Philippine Constitution and the Local Government Code, cities have the authority to regulate the barangays within their respective areas of jurisdiction.
15. Marques, Maria Manuel. 2007. "One-Stop Shopping in Portugal." *Smart Lessons in Advisory Services* Washington, DC: The World Bank Group.
16. Mahi, B. Raksaka. 2010. *Improving Investment Climate in the Era of Decentralization and Regional Autonomy*. Faculty of Economics, University of Indonesia.
17. The list of economies with this requirement includes: Algeria, Angola, Argentina, Cape Verde, Chad, Colombia, Comoros, Costa Rica, Djibouti, El Salvador, France, Greece, Haiti, Honduras, Iraq, Italy, Malaysia, Nicaragua, Paraguay, Peru, Philippines, São Tomé and Príncipe, Spain, Turkey and West Bank and Gaza.

Dealing with construction permits

Finding the right balance between safety and efficiency is important in a sector like construction. Smart regulations ensure both public safety and revenues for the government, while making the process easier for entrepreneurs. A complex and confusing regulatory framework hurts businesses and can be a seedbed for corruption. Instead of promoting public safety, overly rigid rules and regulations may push construction into the informal economy, undermining the intent. According to a recent survey in countries that belong to the Asia Pacific Economic Cooperation, the time and procedures for

WHAT IS MEASURED?

Doing Business in the Philippines 2011 looks at licensing in the construction industry as an example of licensing regulations that businesses face. It measures the procedures, time, and cost to build a standardized commercial warehouse, hook it up to basic utilities, and formally register it. These procedures include submitting project documents (building plans and site maps, for example) to the authorities, obtaining all necessary licenses and permits, completing all required notifications, and receiving necessary inspections. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with legally completing the procedures are included. The survey assumes that the entrepreneur is aware of all existing regulations and does not use an intermediary to complete the procedures unless required to do so by law. See the detailed description of the standard case in the Data notes.

TABLE 3.1

Where is it easy to deal with construction permits—and where not?

Rank	City	Procedures (number)	Time (days)	Cost (% income per capita)
1	Davao City	27	57	94.2
2	Taguig	25	85	795.3
3	General Santos	29	71	644.6
4	Zamboanga City	32	46	608.5
5	Marikina	28	91	785.2
6	Valenzuela	28	91	789.8
7	Cagayan de Oro	30	92	279.5
8	Mandaue	35	72	135.5
9	Makati	26	90	806.6
10	Las Piñas	27	102	796.9
11	Batangas City	27	86	944.8
11	Lapu-Lapu	34	88	529.3
13	Manila	26	169	778.5
14	Cebu City	36	92	126.4
15	Navotas	28	107	802.6
16	Caloocan	31	109	791.8
17	Muntinlupa	31	108	802.1
18	Parañaque	30	107	827.3
19	Pasay	31	121	798.4
20	Iloilo City	29	109	1,035.3
21	Mandaluyong	33	121	794.9
22	Malabon	32	112	815.3
22	Quezon City	33	120	804.4
24	Pasig	36	148	790.8
25	San Juan	33	144	804.7

Note: The ease of dealing with construction permits rankings are the average of the city rankings on the procedures, time, and cost to deal with construction permits. See Data notes for details.

Source: *Doing Business* database. Manila data is from *Doing Business 2011*.

dealing with construction permits is the “biggest regulatory impediment” to doing business.¹ The World Bank Enterprise Surveys also found that firms perceive higher levels of corruption in countries where dealing with construction permits is more difficult (figure 3.1).²

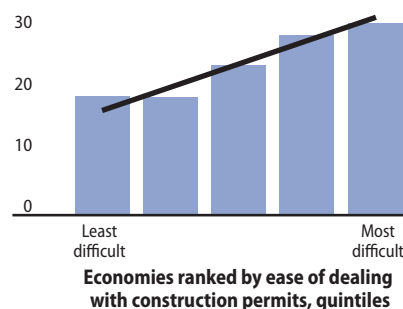
In the Philippines, dealing with construction permits requires more procedures and is more expensive than in neighboring countries. Across the 25 cities included in *Doing Business in the Philippines 2011*, the process requires an average of 30 steps and costs 687.3% of income per capita. To compare, in the East Asia and the Pacific region, an average of 19 procedures and a cost that is just 169% of income per capita are required. For example, to obtain a locational clearance in 24 of the 25 cities

measured in the Philippines, the builder needs to obtain approvals from the municipality as well as from the barangays. Adding to the high number of proce-

FIGURE 3.1

Difficulty in dealing with construction permits is associated with corruption

Share of firms that expect to give gifts in exchange for construction permits (%)

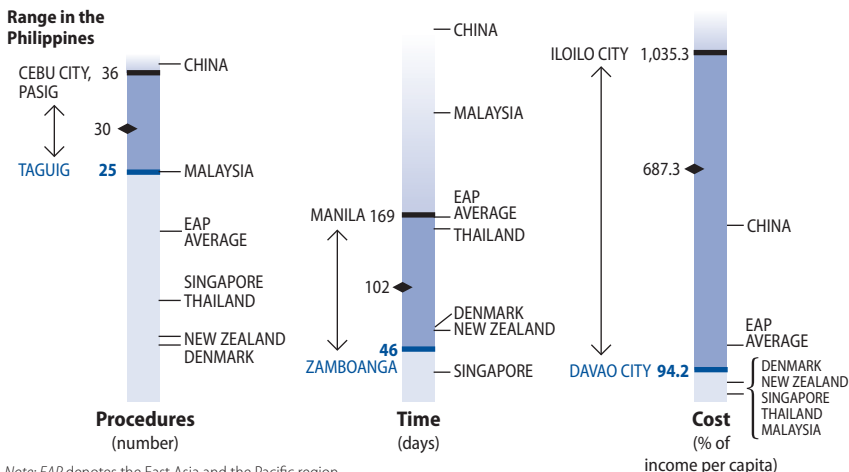


Note: Relationships are significant at the 1% level and remain significant when controlling for income per capita.

Source: *Doing Business* database; World Bank Enterprise Survey database.

FIGURE 3.2

Some cities have more efficient construction permit approval processes



Note: EAP denotes the East Asia and the Pacific region.

cedures are the inspections conducted by the Office of the Building Official and the City Assessor’s Office. Also, multiple notarizations are required. Taguig has the fewest requirements at 25, comparable with Malaysia (figure 3.2).

Meanwhile, the average time it takes to obtain a construction permit at 102 days is shorter in the Philippines than the regional average of 167.2 days. This is because many requirements can be completed relatively quickly. Zamboanga City, fastest among the 25 Philippine cities, requires just 46 days to deal with construction permits. The only economies measured by *Doing Business* that require fewer days are Singapore (25 days); the Republic of Korea (34 days); the United States (40 days) and Bahrain (43 days).

There are 4 major stages: pre-construction, construction, post-construction, and utilities connections. The notable variations across cities required are due to varying local practices. Some cities impose additional requirements on top of the standard legal requirements prescribed by the National Building Code.³ In others, for example, in Taguig, where there is a concerted effort underway to share and coordinate information internally among a number of different offices: here, an entrepreneur has to complete just 25 procedures. In Pasig, the same entrepreneur has to complete

36 steps (table 3.1).

During pre-construction, the entrepreneur has to obtain preparatory documents—such as the certified true copy of the land title and of the tax declaration of real property, the barangay clearance, the lot plan with the site map from the geodetic engineer, the locational clearance, the building permit and ancillary permits, and the fire safety evaluation clearance. All cities, except Taguig, Makati, Batangas City, Davao City, Iloilo City, and Quezon City have more procedural requirements during pre-construction than in any other phase (figure 3.3).

In most cities, local firms have to obtain a certified true copy of the tax declaration of real property, as well as a tax clearance from the City Treasurer’s Office. In Batangas City, Davao City, Iloilo City, Makati, Quezon City, and Taguig the process is simpler: a photocopy can be submitted instead. The notarization of the application form for the locational clearance, a practice common to most cities, is not required in Marikina, Muntinlupa, Navotas, Parañaque, Taguig, and Valenzuela. A few cities require additional approvals, adding to the burden borne by the entrepreneur. San Juan is the only Philippine city that requires project approval by the *sangguniang panglungsod*, or city council,

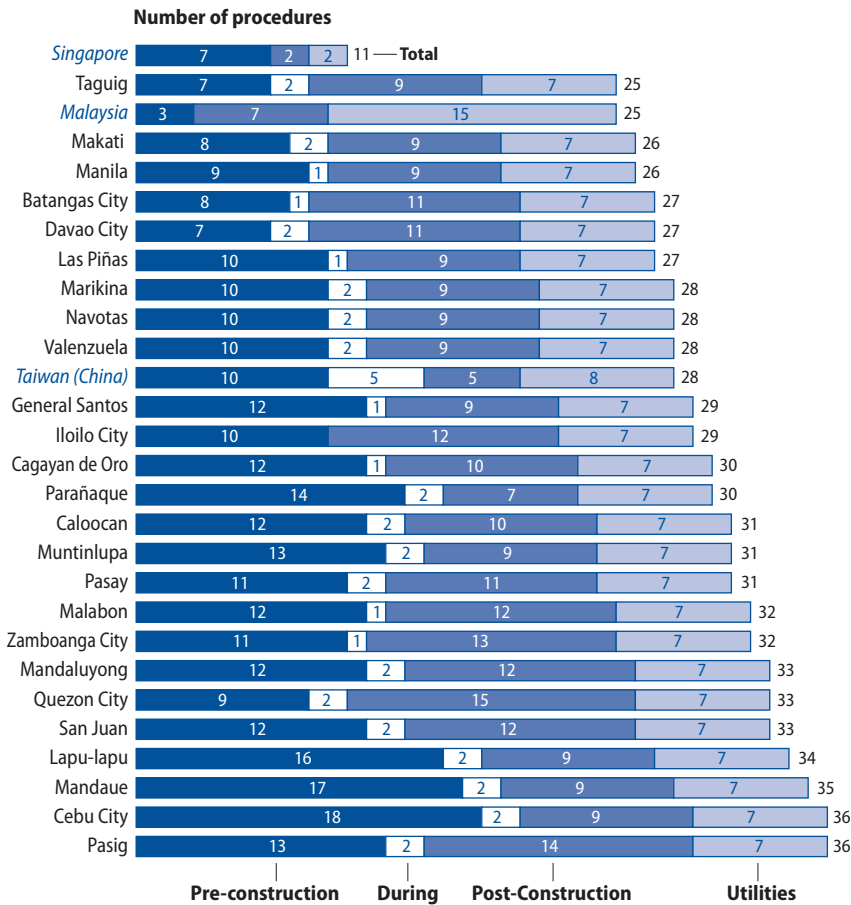
which is the city government’s legislative body. In Iloilo City, its Zoning Board has to approve the project, while in Mandaue and Cebu City the mayor’s office has to give the clearance.

In two cities, Pasay and Mandaluyong, local firms must secure an environmental compliance certificate from the Department of Environment and Natural Resources. Pasay requires it of all construction projects in view of the city’s environmentally critical status close to Laguna Lake. Mandaluyong is strictly implementing the Department of Environment and Natural Resources’ requirement to present an environmental compliance certificate or a “certificate of non-coverage” i.e., a document to certify that the building does not require an environmental approval—for all construction projects within its jurisdiction, regardless of their scope and risk. Simple, low-risk buildings should have easier compliance rules than complex, high-risk projects in order to strike a balance between safety and efficiency.

Some issues regarding building permit forms have yet to be clearly decided. Under the 2004 Revised Implementing Rules and Regulations of the National Building Code, a building permit application form must be notarized. However, because of a pending case in the Court of Appeals questioning the legality of the 2004 rules, the Department of Public Works and Highways issued a memorandum circular ordering the Office of the Building Official not to use the new forms until the matter is resolved by the high court. Nevertheless, 9 of the 25 cities use the new forms, and thus require notarization. These cities are Caloocan, General Santos, Malabon, Marikina, Muntinlupa, Navotas, Valenzuela, Zamboanga City, and Manila. The other cities continue with the old application forms, saving firms 1 procedure.

During construction, random inspections are conducted by the Bureau of Fire Protection and by the Office of

FIGURE 3.3

Majority of permit requirements during pre- and post-construction phases

Source: *Doing Business* database. Data for Manila are from *Doing Business* 2011.

the Building Official. These may offer opportunities for bribes and waste resources. The authorities lose out, because they cannot systematically monitor the structural soundness of buildings, and businesses lose time and money every time they have to stop construction to deal with an inspector. Risk-based assessments and scheduled inspections at critical phases of the construction process make the process more efficient and transparent. Iloilo City stands out as the only city that does not require inspections during construction.

After construction, the remaining steps are to obtain the fire safety inspection certificate, the certificate of occupancy, the certificate of final electrical inspection, and the new tax declaration from the City Assessor's Office. These

requirements also vary across cities. In all cities except Caloocan, Malabon, Quezon City, and San Juan, the inspections for the certificate of occupancy and certificate of final electrical inspection take place simultaneously. In these cities, the application for the certificate of occupancy includes a form for the certificate of final electrical inspection. The entrepreneur receives one joint inspection. However, in Caloocan, Malabon, Quezon City, and San Juan, a separate certificate of final electrical inspection is a prerequisite for the certificate of occupancy.

The new Fire Code in the Philippines imposes additional compliance requirements—such as the Fire and Life Safety Assessment Report. Architects must now undergo 40 hours of training

with the Bureau of Fire Protection in order to be certified. The report itself requires numerous documents: pre-construction plans/specifications; the design criteria and calculations; a compilation of all approved submittals, tests and acceptance forms of all fire protection and life safety features during construction; and a compilation of all maintenance and testing records kept by the building engineering and maintenance departments post-construction. The Fire and Life Safety Assessment Report could be helpful in improving safety standards of complex and high-risk buildings, but it may represent an additional burden for simple or low-risk structures—such as a small storage warehouse for non-hazardous goods.

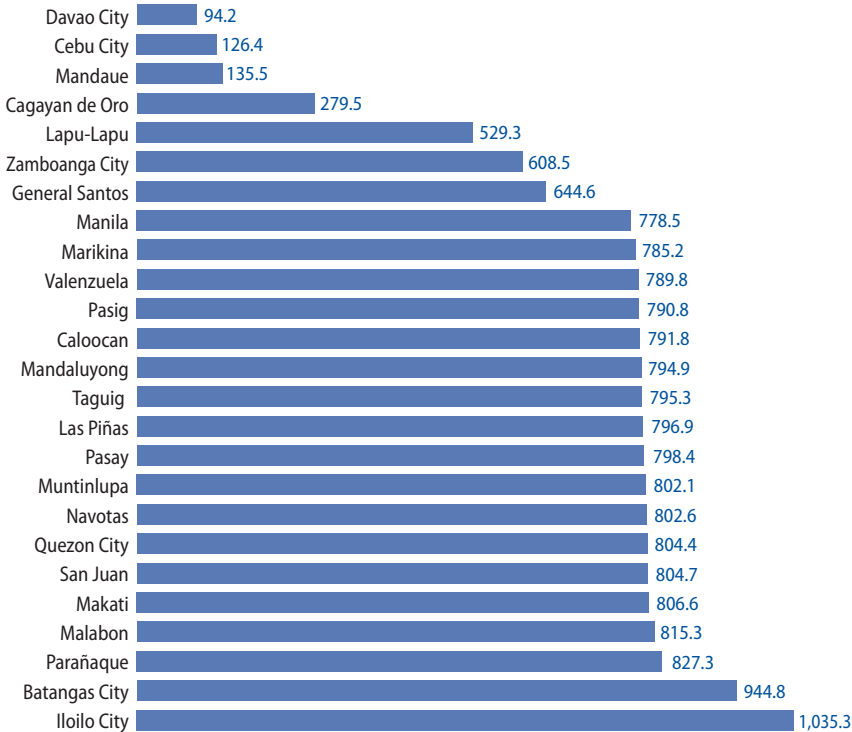
Cities also vary in terms of the number of days firms need to deal with construction permits. While it takes just 46 days to deal with construction permits for a warehouse in Zamboanga City, the same project in Manila takes 169 days. Zamboanga City has a relatively fast building permit and electricity connection process. Davao City, General Santos, and Mandaue take 57, 71, and 72 days, respectively. Meanwhile, firms in cities in Metro Manila may have to wait for more than 100 days. Time needed to secure water and electricity connections cause most of the local variations here.

While construction permits are generally expensive in the average Philippine city, there are exceptions (figure 3.4). Davao City, where dealing with construction permits costs 94.2% of average income per capita, is less expensive, relative to income, than Taiwan (China), Canada, or Republic of Korea. Within the Philippines, the cost is driven by the locational clearances, building permits, fire safety evaluation clearances, certificates of occupancy, and utility connections. Of these, building permit fees and utility connections take up the biggest share. According to the National Building Code, the cost of a building permit is PHP 30

FIGURE 3.4

Cost to obtain construction permits lowest in Davao City

(% of income per capita)



Source: *Doing Business* database. Data for Manila are from *Doing Business 2011*.

per square meter⁴—that is, PHP 39,018 (USD 837) for the case study analyzed by *Doing Business*. This explains why 21 of the 25 cities charge the same amount for the building permit. Batangas City, Caloocan, Cebu City, and Davao City charge PHP 3,895 (USD 84) less because they use a different fee structure.⁵

The cost of the Fire Safety Inspection Certificate varies among cities. The new Fire Code⁶ and its 2009 Implementing Rules and Regulations prescribe the fee for the Fire Safety Inspection Certificate to equal “10% of all fees charged by the Building Official, or by the Local Government, or by other Government agencies concerned with the granting of pertinent permits or licenses.” This provision was taken word for word from the Implementing Rules and Regulations of the old Fire Code.⁷ It would appear that this provision has been left vague to give local government units some discretion. Thus, most cit-

ies except Cagayan de Oro, Davao City, Marikina, Parañaque, and Zamboanga City have taken the provision to mean 10% of building permit fees. Cagayan de Oro, Davao City, and Marikina have interpreted it as 10% of total fees paid for the certificate of occupancy. Parañaque’s Fire Safety Inspection Certificate fee consists of 10% of the combined building permit and certificate of occupancy fees. Zamboanga City, which charges about PHP 10,000 (USD 215) more than the other cities, uses an entirely different formula based on square footage of the construction project, which does not have its basis either in the new or the old Fire Code.

But the most significant cost is obtaining an electricity connection, which averages almost 90% of total construction permit costs and varies across cities. The firm must pay upfront for the costs of the transformers and installation.

It is most expensive in Lapu-

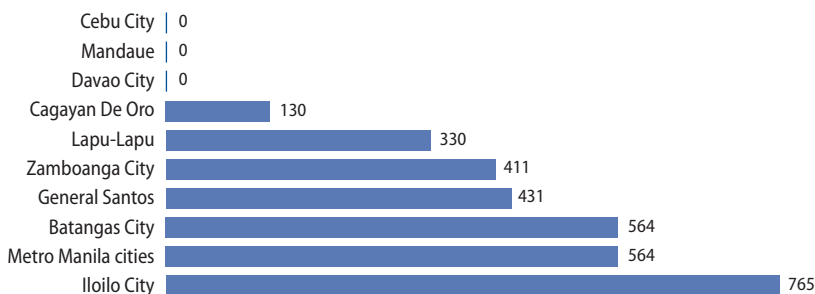
Lapu (PHP 740,000/USD 15,883). It is cheapest in Cebu City, Davao City and Mandaue, as the electric utilities in these 3 locations have a policy of refunding the deposit within 1 year (figure 3.5).⁸ Electricity connection in Metro Manila cities is more expensive due to the amended Distribution Services Open Access Rules, which took effect in April 2010. Pursuant to this amendment, the Manila Electric Company (Meralco) has discontinued waiving payment. Applicants are now required to pay the project cost of PHP 420,100 (USD 9,017) and a service deposit of PHP 144,360 (USD 3,098). Because an electricity connection can account for up to almost 90% of total construction permit costs in some cities, the total cost of dealing with construction permits is lowest in locations with cheap electricity connections, like Davao City (equivalent to 94.2% of income per capita). This compares favorably to the 1,035.3% of income per capita firms in Iloilo City have to pay (figure 3.5). The high cost of electricity and of obtaining an electricity connection offers a major opportunity for business reforms.

Since *Doing Business in the Philippines 2008*, 4 of the 20 cities reformed in at least 1 area concerning construction permits (table 3.2). Davao City stands out as the most improved. In Davao City, the barangay clearance and certified true copy of a land title are no longer required. The presentation of an original land title will suffice. City hall in Davao City asked the Bureau of Fire Protection to station officers at city hall to facilitate obtaining the fire safety evaluation clearances, thereby making it more convenient for firms to obtain construction permits. In addition, the Davao Light and Power Company changed its policy on reimbursing the cost of transformers to local firms. Previously, the cost was only reimbursed upon contract termination, but now the power company reimburses the amount after just 1 year. The Visayan

FIGURE 3.5

In most cities, electricity connections represent the biggest share of total cost

Cost (PHP thousands)

Source: *Doing Business* database.

Electric Company (VECO) in Cebu and Mandaue also lowered electricity connection costs.

Parañaque also improved in terms of dealing with construction permits. The city no longer requires a separate visit to the mayor's office for the mayor's clearance as a prerequisite for the locational clearance. This reform saves the entrepreneur 1 procedure.

Electricity connections have become more expensive in Metro Manila since 2007. An amendment to the Distribution Services Open Access Rules issued by the Energy Regulatory Commission changed the cost structure. Before the new regulation was enforced, connection costs were waived or refunded within a year by Meralco. With the current rules, every connection needs to be fully paid.

TABLE 3.2

Four out of 20 cities benchmarked in 2008 made it easier to deal with construction permits

	Reduced requirements	Added procedure for payment of fire clearance fee	Changed connection cost refund process
Caloocan			X
Cebu City			✓
Davao City	✓		✓
Las Piñas			X
Makati			X
Malabon			X
Mandaluyong			X
Mandaue			✓
Manila			X
Marikina		X	X
Navotas			X
Parañaque	✓		X
Pasay			X
Pasig			X
Quezon City			X
San Juan			X
Taguig			X
Valenzuela		X	X

✓ *Doing Business* reform making it easier to do businessX *Doing Business* reform making it more difficult to do business¹

1. The electricity company in Metro Manila (Meralco) discontinued the practice of waiving payment of the project cost as per amended Distribution Services Open Access Rule.

Note: Reforms occurred between January 2008 and June 2010.

Source: *Doing Business* database. Manila data are from *Doing Business* 2011.

WHAT TO REFORM**INTRODUCE RISK-BASED APPROVALS**

Not every building project should be treated equally. Complex and risky structures—like airports, skyscrapers, chemical plants, or any large building—should have stricter standards for security and control. Many inspections, clearances, and consultations should be in place to guarantee public safety. At the same time, authorities ought to take the time to assess the risk of different projects and develop risk-based rules to deal with clearances and approvals in a differentiated manner. An international good practice is to categorize buildings depending on their environmental impact and, according to these characteristics, environmental compliance requirements should vary. Simple low-risk buildings should have easier compliance rules.

Smart regulations help ensure safety while encouraging efficiency. If cities have the same regulations for every type of building, they run the risk of not meeting demand due to a lack of resources—number of inspectors, reviewers, general staff, and so forth—or jeopardizing safety in the long run because they cannot pay proper attention to complex buildings.

Countries like Colombia have recently introduced reforms to classify buildings according to their risk. According to Colombian law, the building analyzed in the *Doing Business* case study is a “medium-low risk” structure. This classification allows builders of such a structure to enjoy a faster reviewing approval process, compared with riskier projects, and they can avoid the hiring of special consultants for environmental, fire safety, and traffic studies. Building authorities also save time reviewing studies or sending inspectors to verify them and can concentrate resources on more complex projects.

Rules like the Fire and Life Safety Assessment Report or sanitary inspections

should be revised in the Philippines in order to adjust to the risk factors and enforcement constraints of every city.

IMPROVE THE EFFICIENCY OF INSPECTIONS

Inspections can be more efficient by changing the current practice of conducting random inspections. One way of doing this is to perform risk-based assessments or schedule inspections at critical phases of the construction process. Countries with a system of risk-based inspections have fewer inspections, on average, than countries with random inspections. Another way to improve efficiency is for different offices to conduct joint, simultaneous inspections for different requirements. Several Philippine cities are already engaged in this practice, when it comes to inspections for the certificate of occupancy and certificate of electrical inspection. Joint inspections require better coordination among the offices that conduct inspections—the City Planning and Development Office, the Office of the Building Official, and the Bureau of Fire Protection. Authorities in Hong Kong SAR (China), China, and Singapore already follow this practice.

The other face of efficiency is, capacity. There must be an adequate number of building officials who are properly trained to enforce National Building Code standards, and whose supervision and reporting lines are clear. In most cities, the building official is also the city engineer. This poses a number of problems. The building official is responsible for enforcing the Building Code, reporting to the secretary of public works and highways. The city engineer, on the other hand, is also responsible for overseeing civil works on behalf of the local government and thus reports to the city mayor, posing a potential conflict of interest. The combined workload may also be a key reason for the delayed approval of building permits. The Local Government Code should be amended to create

a separate permanent office for the local building official.⁹

INCREASE TRANSPARENCY BY PUBLISHING HELPFUL INFORMATION

Dealing with construction permits can be made easier with step-by-step guides to help builders better understand the process. The Citizen's Charter is a significant step toward this. Cities have made the effort to display flowcharts from the Charter in prominent places at their city halls, on their websites, or in brochures. They need, however, to make sure that the information is consistently accurate.

A major driver of variations in time, cost, and number of procedures related to construction permits is the uncertainty surrounding the 2004 Revised Implementing Rules and Regulations of the National Building Code. While waiting for the resolution of the case pending in the Court of Appeals that questions the legality of the Implementing Rules and Regulations revisions, local governments have gone ahead and made decisions on unresolved issues. These decisions include the use of old versus new building permit application forms, computation of building permit fees, changes in fee structures, computation of occupancy fees, and required signatures in building plans.

Clarity on the rules and fees to be paid saves time for firms and helps prevent irregularities. In the Indonesian city of Makassar, for example, local laws give a clear indication of how fees are calculated and which documents are required. A list with the formula to calculate the building permit fee and the documents needed is prominently posted at the City Planning and Development Office.

1. Singapore Business Federation. 2009. "Key Findings from ABAC 'Ease of Doing Business' Survey." Presentation at the Singapore Business Federation sessions, "Removing barriers for business growth in APEC," Singapore, July 9, 2009.

2. <http://www.enterprisesurveys.org/>
3. Presidential Decree No. 1096, as amended, otherwise known as the National Building Code of the Philippines.
4. The computation is PHP23 per square meter plus PHP7 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees.
5. The 4 cities have taken their fee structure from the Department of Public Works and Highways (DPWH), albeit from a newer DPWH memorandum circular that erroneously dropped one of the zeros in the prescribed fee structure for computing the building permit fee. The DPWH is addressing this error to rectify the inconsistencies in the computation of building permit fees used by the cities.
6. Republic Act No. 9514 (2008), otherwise known as the Revised Fire Code of the Philippines.
7. Presidential Decree No. 1185.
8. The transformer cost changes annually due to copper price fluctuation. Information provided by Jaime Jose Y. Aboitiz, Executive Vice-President and Chief Operating Officer-AboitizPower Distribution Group. AboitizPower owns and operates Visayan Electric Company and Davao Light and Power Company.
9. Section 477 of the Local Government Code states that the City Engineer shall also act as the Local Building Official. Department of Public Works and Highways Department Order No. 110 Series of 1993 also devolved the enforcement of certain aspects of the Building Code to the local governments.

Registering property

Land is a fundamental economic asset in every society. Poorly administered property systems or not clearly defined property rights prevent land from being turned into productive capital. An efficient property registration system has real benefits. When there is a formal deed, entrepreneurs can use their immovable assets to obtain credit and grow their businesses. A study in Peru¹ suggests that property titles are associated with a 10% increase in loan approval rates for construction materials. Indeed, banks in countries lacking adequate creditor information prefer land titles as collateral, because land is difficult to move or hide. In the Philippines, 70% of commercial bank loans to firms are secured by land.² Property titling can also significantly increase land values and investment.³ Moreover, property registration benefits governments, because more properties registered translate into greater tax revenues.

Across countries, firms of all sizes report that their property rights are better protected in countries with more efficient property registration. But the relationship is stronger for small firms.⁴ Large businesses tend to have ample resources to protect their property rights. They can afford to invest in security systems and take other measures to defend their property. But small-scale entrepreneurs may not.

TABLE 4.1
Where is it easy to register a property—and where not?

Rank	City	Procedures (number)	Time (days)	Cost (% of property value)
1	Valenzuela	8	30	3.5
2	Navotas	8	32	3.5
3	Pasig	8	30	4.6
4	Cebu City	9	24	3.6
5	Las Piñas	8	30	4.7
6	Caloocan	8	33	3.8
6	Taguig	8	32	4.6
8	Mandaue	8	63	3.3
9	Manila	8	33	4.3
10	Marikina	8	32	4.8
11	Batangas City	8	48	3.8
12	San Juan	9	26	4.6
13	Lapu-Lapu	8	64	3.8
13	Pasay	8	31	4.9
15	Malabon	9	32	3.6
16	Parañaque	9	27	4.6
17	Mandaluyong	9	22	4.8
17	Quezon City	8	39	4.8
19	Muntinlupa	9	27	4.8
20	Davao City	8	36	4.9
21	Makati	9	32	4.7
22	Iloilo City	8	40	4.9
23	Zamboanga City	9	26	5.8
24	Cagayan De Oro	8	81	5.3
25	General Santos	9	43	5.6

Note: Rankings are the average of the city rankings on the procedures, time and cost to register property. See Data notes for details. Source: *Doing Business* database. Manila data is from *Doing Business 2011*.

Making property registration easy allows entrepreneurs to focus on their businesses. Worldwide, it is easiest to register property in Saudi Arabia, where the entire process can be completed with 2 procedures, in 2 days, at zero cost. Some countries within the East Asia and the Pacific region are not far behind. In Thailand, it also takes 2 procedures and 2 days, and in New Zealand, it costs just 0.1% of the property value to transfer a property from one domestic private company to another.

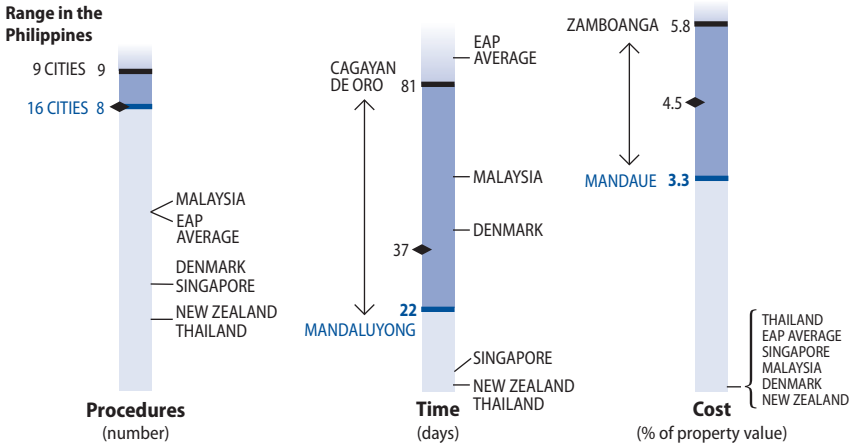
Registering property in the Philippines is not quite as simple, efficient, and affordable as that. It takes 8 to 9 procedures and an average of 37 days to transfer an ownership title, while the average cost comes to 4.5% of the property value (figure 4.1). While the number of

procedures varies only slightly between cities, the time and cost vary considerably. Registering property is easier in Valenzuela, where it requires 8 procedures that take 30 days and cost 3.5% of the property value. It is more difficult in General Santos, where it requires 9 pro-

WHAT IS MEASURED?

Doing Business in the Philippines 2011 records the sequence of procedures, time, and costs necessary for a business to purchase property from another business and to transfer the property title to the buyer's name, so that the purchasing business can use it as guarantee in taking out loans or sell it to another firm. Every required procedure is included, whether it is the responsibility of the seller, the buyer, or a third party on their behalf. It is assumed that the property is registered and free of dispute. See the detailed description of the standard case in the Data notes.

FIGURE 4.1
Registering property in the Philippines compared internationally



Note: EAP denotes the East Asia and the Pacific region.
 Source: Doing Business database.

cedures that take 43 days and cost 5.6% of the property value (table 4.1).

Registering property can be grouped into 3 major stages: (1) preparing the deed of sale and related documents; (2) completing tax-related prerequisites, which involve procedures at both the Bureau of Internal Revenue and city government offices; and (3) registering with the Register of Deeds. Property registration is managed at the national level by the Land Registration Authority, which has regional offices around the Philippines. Five procedures are governed at the local level. Among Philippine cities with 9 procedures (instead of 8), the extra requirement is an inspection by the City Assessor’s Office as a prerequisite to obtain a new property tax declaration in the name of the new owner (the buyer). Cities requiring this additional procedure are: Cebu City, General Santos, Makati, Malabon, Mandaluyong, Muntinlupa, Pasay, Parañaque, San Juan, and Zamboanga City.

The time needed to register property varies across the 25 cities included in this report (figure 4.2). In Mandaluyong, firms spend an average of 22 days to register property—the same as their competitors in Indonesia. In Cagayan de Oro, registration takes 81 days—about 2 months longer. The differences are due

mainly to the efficiency of local offices of national agencies—namely, the local Register of Deeds and regional district offices of the Bureau of Internal Revenue. Securing registration with the Register of Deeds is generally the longest procedure: it takes as long as 30 days in Lapu-Lapu and Mandaue and up to 60 days in Cagayan de Oro.

Another delay is obtaining the Certificate Authorizing Registration from the Bureau of Internal Revenue. Although the Bureau has issued a memorandum saying that the Certificate Authorizing Registration is to be released within 5 days, this is not observed in practice, except in Parañaque. On average, it takes 14 days, while it takes 25 days in Lapu-Lapu and Mandaue and 21 days in Batangas City, General Santos, Iloilo City, and Quezon City. The best local practices are seen in Parañaque (as mentioned), Las Piñas, Mandaluyong, and Muntinlupa—the latter 3 release the certificate in 10 days.

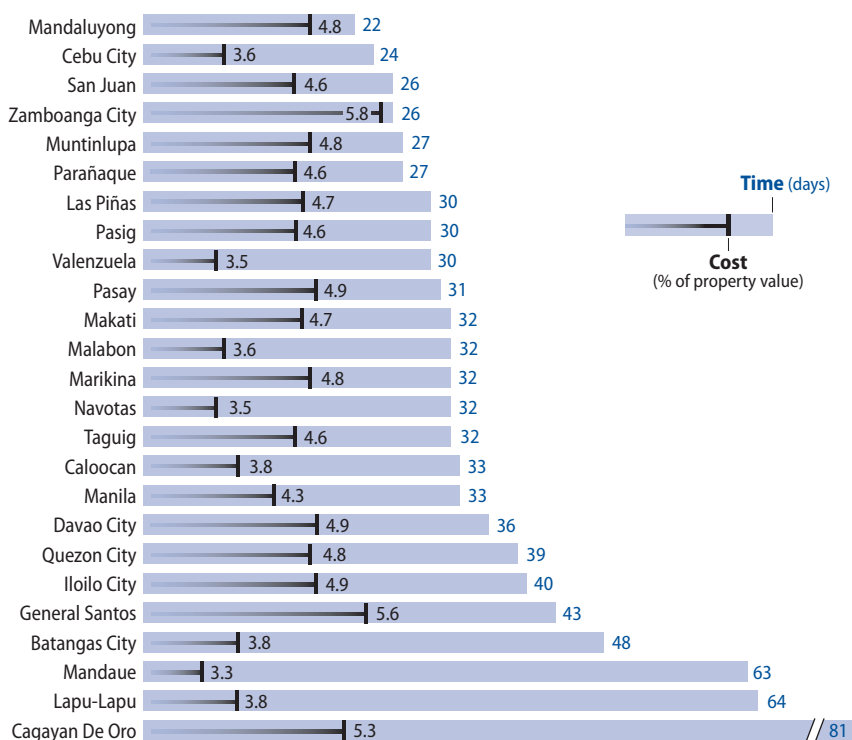
Registration costs differ considerably across cities due to variations in the property transfer tax and notarization fees, both of which are assessed as a percentage of the property value. The cities charge a transfer tax ranging from 0.33% in Mandaue to 0.83% in Iloilo City and Calocan. Las Piñas and Malabon

charge a transfer tax of 0.5% of the property value and then levy an additional PHP 4,566 (USD 98) community tax on property sales.

Under Philippine law, notarization is the official act to convert a private document that is binding only for the parties directly involved, into a public transaction that is binding for third parties. Notaries charge between 1% and 3% of the property value to notarize a deed of sale. Notaries in cities outside Metro Manila charge, on average, 1% while many of those within Metro Manila charge from 2% to 3% of the property value. Although there are guidelines on the rates that may be charged on legal fees, including notarization, issued by chapters of the Integrated Bar of the Philippines, these guidelines are no more than recommendations.

Some positive business reforms improve the transfer of property in the Philippines. Six of the 20 cities benchmarked for the second time show an improvement in this area (table 4.2). Over the past 2 years, the Land Registration Authority has embarked on a nationwide land titling computerization project designed to consolidate land records into a single national database and facilitate registration and authentication of titles. This reform is necessary as land records are scattered among the local Register of Deeds offices of the Land Registration Authority, instead of being consolidated in a single national database. This makes it difficult and expensive for property buyers to track the authenticity of tax clearances on land titles. The manual handling of deeds—with its potential for missing files and typographical errors—is a key reason for delays in the registration of deeds. Eighteen out of the 25 cities covered by this study either initiated or completed their computerization efforts as of June 1, 2010. Among the first to make the transition is Cebu City, which now has a fully operational system. As a result, Cebu City cut the time it takes

FIGURE 4.2

Variation in time and cost to register property

Source: *Doing Business* database. Data for Manila are from *Doing Business 2011*.

to register with the Register of Deeds in half—from 10 to 5 days.

A computerized land-titling system offers several benefits; foremost among them is greater efficiency in the registration and authentication of titles. However, in cities that began the transition process later (i.e., in late 2009 or early 2010), the transition has caused temporary delays recorded by this study. In Davao City, for example, the Register of Deeds now takes 4 more days to register property than before. In Lapu-Lapu, firms have to wait 30 days as the city is in the first phases of the computerization project, compared to 10 days before computerization began. Once the Register of Deeds in each city is fully computerized, processing title registrations is expected to be faster than before.

The cost of registering property increased slightly with computerization. Computerization is supposed to reduce administration costs in the medium

term, but in the short term, the Land Registration Authority is passing on the costs of modernization to the end users. The Land Registration Authority has imposed information technology fees of PHP 269 (USD 6) per document and PHP 158 (USD 3) per title (including value-added tax) to cover the costs of computerization. The net effect for this study is that the cost of registration with the Register of Deeds has increased by almost PHP 2,000 (USD 43).

In four cities registering property became less expensive, as compared to 2008. Notaries in Caloocan, Malabon, Navotas, and Valenzuela, which charged, on average, 2% of property value for their services, arrived at an informal agreement to reduce their fees to 1%. This reduction reportedly comes in response to increasing competition from new notaries. As a result, the entrepreneur in these cities today pays PHP 41,700 (USD 895) less to register property. The im-

provement in the ranking for the three out of the four cities reflects this significant reduction in costs.

Pasay found another way to make registering property less cumbersome. While other cities require the tax clearance certificate of real property taxes as a prerequisite to the payment of transfer taxes, Pasay allows both procedures to be completed simultaneously at the City Treasurer's Office.

Requirements, time, and cost to register property are all affected by the national land administration system. The Philippines' land administration system faces real challenges, well documented in a number of studies.⁵ One of these difficulties is an inadequate land information system—a shortcoming which the land-titling computerization project seeks to address. But because information about land ownership, location, boundaries, and land values are still not systematically available to many local governments, fraud abounds, which has also led to land ownership conflicts.⁶ All title disputes must go to the courts, and this has resulted in delays and abuse. Land records management has also been insufficient. War, theft, fire, and water damage have rendered a large proportion of records missing; while others are missing as a consequence of frequent transfers of records. Still others are in fragile condition or illegally altered. At the same time, duplications and/or overlaps in title records are not easily detected by the current system. This is because title records in the Register of Deeds—which is the ultimate repository of land titles in the country—cannot be matched with parcel or cadastral map numbers: original cadastral surveys and record maps are kept at the Land Management Bureau of the Department of Environment and Natural Resources, while copies of subsequent surveys on titled property and municipal index maps are kept at the Land Registration Authority. These maps do not show or match the cadastral

TABLE 4.2
Six out of the 20 cities benchmarked in 2008 made it easier to register property

	Reduced notary fee	Combined procedures	Completed computerization of the land titling system of the Register of Deeds
Caloocan	✓		
Cebu			✓
Malabon	✓		
Navotas	✓		
Pasay		✓	
Valenzuela	✓		

Note: Business reforms occurred between January 2008 and June 2010.
Source: Doing Business database. Data for Manila are from Doing Business 2011

information stored at the Land Management Bureau.

Moreover, the absence of a national standard and method for real property valuation has resulted in inefficient allocations and utilizations of the land market and a lack of public confidence in the real property sector.⁷ The property valuation methodologies vary according to the purpose for which land is assessed.⁸ Pending Valuation Reform bills seek to establish standards to govern the valuation of real property, and to adopt market value as the single real property valuation base for the assessment of all real property-related taxes in the country.

The high cost and complexity of registering property in the Philippines is especially striking when compared with the country's regional neighbors. In Thailand, for example, it takes only 2 procedures and 2 days to register property, which can then be used as collateral for a business loan. Both the Philippines and Thailand have title registration systems and a decentralized land administration with central control. But in the Philippines, the private survey sector is strong and their survey procedures are overly specified yet under-regulated. The result is a relatively high cost of surveying, which is passed on to the public. To contrast, Thailand's efficient land titling (first registration) procedures have served as a model for systematic land titling in the region. The Philippines

is piloting new land titling procedures, but with limited use of technology. Not surprisingly, Thailand enjoys high public confidence in its public administration system and, in particular, its land administration system. The Philippines faces a major challenge for its land administration system—and its public administration system in general: to gain and maintain public confidence.⁹

Many developed countries and an increasing number of developing countries have simple, inexpensive, and fast property registration processes. The Philippines could make registering property easier with the following recommendations.

WHAT TO REFORM

CONVERT THE STAMP, TRANSFER TAXES AND NOTARY FEES INTO FIXED FEES

Percentage-based fees may lead firms to undervalue their property, or they may simply avoid registration altogether. The Philippines could replace its percentage-based fees with fixed fees, following a schedule of payments to be applied to property transfer transactions. This could discourage tax evasion and reduce informal title transfers. The increase in revenue from new registrations could likely make up for any reduction in fees collected per property. The Indian state of Maharashtra and Egypt are examples of jurisdictions that reduced fees, yet saw total tax revenues stay steady or rise,

mainly because of an increase in transactions. Maharashtra's stamp-duty revenues jumped by 20% after the state reduced the stamp duty from 10% to 5%.¹⁰ Egypt's revenue from property registration increased nearly 39% due to the increase in the number of registrations when the national government lowered the total cost of property registration.¹¹

INTRODUCE FAST-TRACK PROCEDURES

The Bureau of Internal Revenue and Register of Deeds could offer clients a choice of expedited procedures: pay a slightly higher fee for faster completion of the registration process. Cases would be prioritized in a transparent manner, and those who prefer not to wait would be given an official way to speed up the process. This type of scheme is offered in a number of countries around the world. For example, entrepreneurs in Lithuania must obtain a certificate of execution for the real estate transaction, which takes 9 days, on average. Then they apply for a title transfer at the registry, which takes another 10 days, on average. Now, if they don't want to wait, they can pay a higher fee which cuts the total time from 19 to 3 days. Fast-track procedures help prioritize the work of the registry and allow entrepreneurs to focus on their business.

STANDARDIZE REQUIREMENTS AT THE REGISTER OF DEEDS AND THE LAND REGISTRATION AUTHORITY

The Land Registration Authority's supervision over local Register of Deeds offices is not uniform—as seen in the varying descriptions of procedural requirements and computations of costs from city to city, included in the list of procedures of this report. To minimize the Register of Deeds' discretion regarding procedural requirements and costs, the Land Registration Authority must establish an official policy and ensure that it is strictly implemented.

COMPLETE THE LAND REGISTRATION AUTHORITY COMPUTERIZATION PROJECT AND MONITOR PERFORMANCE UNDER THE NEW SYSTEM

The transition from a manual land titling system to a computerized one has caused delays in some cities, as they begin the process. Newly retrained employees still face a learning curve while many records are out of their usual filing cabinets, being encoded. In this process, an entrepreneur wastes time waiting for Register of Deeds staff to look for records and navigate an unfamiliar system. The Register of Deeds needs to implement temporary steps, tailored to the needs of specific regional offices, to minimize near-term delays.

REVIEW THE BUREAU OF INTERNAL REVENUE'S PROTOCOLS WITH AUTHORIZED AGENT BANKS TO ADDRESS DELAYS IN NOTIFICATIONS OF PAYMENTS FOR CERTIFICATE AUTHORIZING REGISTRATION

The Bureau of Internal Revenue begins processing an applicant's Certificate Authorizing Registration after it has been informed by the authorized agent bank that the payment was deposited. Ideally, the authorized agent bank would inform the Bureau of Internal Revenue of the payment immediately after such payment is made. However, delays in the posting of payment are known to occur—in fact, certain banks have acquired a reputation for delayed postings. The Bureau of Internal Revenue must look into the delays and may need to impose stricter protocols.

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Data notes

ECONOMY CHARACTERISTICS

GROSS NATIONAL INCOME (GNI) PER CAPITA

Doing Business in the Philippines 2011 reports 2009 income per capita as published in the World Bank's World Development Indicators 2009. Income is calculated using the Atlas method (current US\$). For cost indicators expressed as a percentage of income per capita, 2009 GNI in local currency units is used as the denominator. The Philippines' GNI per capita in 2009 = USD 1,790.

EXCHANGE RATE

The exchange rate used in this report is: 1 USD = 46.59 PHP

REGION AND INCOME GROUP

Doing Business uses the World Bank regional and income group classifications available at <http://www.worldbank.org/data/countryclass>.

The indicators presented and analyzed in *Doing Business in the Philippines 2011* measure business regulation and the protection of property rights—and their effect on businesses, especially small and medium-size domestic firms. The indicators document the degree of regulation, such as the number of procedures to start a business or to register and transfer commercial property.

In this project, *Doing Business* indicators have been created for 25 Philippine cities, 20 of which were benchmarked in *Doing Business in the Philippines 2008*. The data presented in this report for Manila and other countries are based on the global report *Doing Business in 2011: Making a Difference for Entrepreneurs*. The data for all sets of indicators in *Doing Business in the Philippines 2011* are for June 2010.

METHODOLOGY

The *Doing Business in the Philippines 2011* data are collected in a standardized way. To start, the *Doing Business* team, with academic advisers, designs a survey. The survey uses a simple business case to ensure comparability across countries and over time—with assumptions about the legal form of the business, its size, its location and the nature of its operations. Then the survey is customized to the particular case of the Philippines. Because this is the second round of *Doing Business in the Philippines*, two sets of data are used as baseline: among cities that participated in *Doing Business in the Philippines 2008*, each city's performance in 2008 serves as baseline for 2010. For the cities that are included in *Doing Business in the Philippines 2011* for the first time, the data published for Manila in *Doing Business in the Philippines 2008* is used as the baseline.

Surveys are administered through more than 510 local experts, including lawyers, business consultants, construction firms, engineers, local and national-level government officials and other professionals routinely administering or advising on legal and regulatory requirements. These experts have several, typically 4 or more rounds of interaction with the *Doing Business in the Philippines 2011* team, through face-to-face interviews, conference calls and written correspondence. The data from surveys are subjected to numerous tests for robustness, which lead to revisions or expansions of the information collected. For example, the preliminary findings are presented to the cities through right of reply sessions conducted with local chief executives, city administrators and other local government officials. Following the right of reply sessions experts are contacted to validate findings and clarify issues from the right of reply sessions. Issues that are the purview of national government agencies are brought to the attention of national heads of agencies, both through written correspondence and face-to-face discussions.

The *Doing Business* methodology offers several advantages. It is transparent, using factual information about what laws and regulations say and allowing multiple interactions with local respondents to clarify potential misinterpretations of questions. Having representative samples of respondents is not an issue, as the texts of the relevant laws and regulations are collected and answers checked for accuracy. The methodology is inexpensive and easily replicable, so data can be collected in a large sample of economies. Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. Finally, the data not only highlight the extent of specific regulatory obstacles to

doing business but also identify their source and point to what might be reformed.

LIMITS TO WHAT IS MEASURED

The *Doing Business* methodology has 4 limitations that should be considered when interpreting the data. First, the data often focus on a specific business form—a limited liability company of a specified size—and may not be representative of the regulation on other businesses, for example, sole proprietorships. Second, transactions described in a standardized case study refer to a specific set of issues and may not represent the full set of issues a business encounters. Third, the measures of time involve an element of judgment by the expert respondents. When sources indicate different estimates, the time indicators reported in *Doing Business* represent the median values of several responses given under the assumptions of the standardized case.

Finally, the methodology assumes that a business has full information on what is required and does not waste time when completing procedures. In practice, completing a procedure may take longer if the business lacks information or is unable to follow up promptly. Alternatively, the business may choose to disregard some burdensome procedures. For both reasons the time delays reported in *Doing Business in the Philippines 2011* would differ from the recollections of entrepreneurs reported in the World Bank Enterprise Surveys or other perception surveys.

STARTING A BUSINESS

Doing Business in the Philippines 2011 records all procedures that are officially required for an entrepreneur to start up and formally operate a commercial business. These include obtaining all necessary licenses and permits

and completing any required notifications, verifications or inscriptions for the company and employees with relevant authorities.

After a study of laws, regulations and publicly available information on business entry, a detailed list of procedures is developed, along with the time and cost of complying with each procedure under normal circumstances and the paid-in minimum capital requirements. Subsequently, local incorporation lawyers and government officials complete and verify the data.

Information is also collected on the sequence in which procedures are to be completed and whether procedures may be carried out simultaneously. It is assumed that any required information is readily available and that all agencies involved in the start-up process function without corruption. If answers by local experts differ, inquiries continue until the data are reconciled.

To make the data comparable across countries, several assumptions about the business and the procedures are used.

ASSUMPTIONS ABOUT THE BUSINESS

The business:

- Is a limited liability company. If there is more than one type of limited liability company in the country, the limited liability form most popular among domestic firms is chosen. Information on the most popular form is obtained from incorporation lawyers or the statistical office.
- Operates in the commercial district of the selected cities.
- Is 100% domestically owned and has 5 owners, none of whom is a legal entity.
- Has start-up capital of 10 times income per capita at the end of 2009, paid in cash.
- Performs general commercial activities, such as the production or sale of products or services to the public. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes.
- Leases the commercial plant and offices and is not a proprietor of real estate.
- Does not qualify for investment incentives or any special benefits.
- Has at least 10 and up to 50 employees 1 month after the commencement of operations, all of them nationals.
- Has a turnover of at least 100 times income per capita.
- Has a company deed 10 pages long.

PROCEDURES

A procedure is defined as any interaction of the company founder with external parties (for example, government agencies, lawyers, auditors or notaries). Interactions between company founders or company officers and employees are not counted as procedures. Procedures that must be completed in the same building but in different offices are counted as separate procedures. If founders have to visit the same office several times for different sequential procedures, each is counted separately. The founders are assumed to complete all procedures themselves, without middlemen, facilitators, accountants or lawyers, unless the use of such a third party is mandated by law. If the services of professionals are required, procedures conducted by such professionals on behalf of the company are counted separately. Each electronic procedure is counted separately. If 2 procedures can be completed through the same website but require separate filings, they are counted as 2 procedures. Both pre- and post-incorporation procedures that are officially required for an entrepreneur to formally operate a business are recorded (table 5.1).

Procedures required for official correspondence or transactions with public agencies are also included. For example, if a company seal or stamp is required on official documents, such as tax declarations, obtaining the seal or stamp is counted. Similarly, if a company must open a bank account before registering for sales tax or value added tax, this transaction is included as a procedure. Shortcuts are counted only if they fulfill 4 criteria: they are legal, they are available to the general public, they are used by the majority of companies, and avoiding them causes substantial delays.

Only procedures required of all businesses are covered. Industry-specific procedures are excluded. For example, procedures to comply with environmental regulations are included only when they apply to all businesses conducting general commercial or industrial activities. Procedures that the company undergoes to connect to electricity, water, gas and waste disposal services are not included.

TIME

Time is recorded in calendar days. The measure captures the median duration that incorporation lawyers indicate is necessary to complete a procedure with minimum follow-up with government agencies and no extra payments. It is assumed that the minimum time required for each procedure is 1 day. Although

TABLE 5.1

What does starting a business measure?

Procedures to legally start and operate a company

- Preregistration (name verification, notarization)
- Registration in the selected city
- Postregistration (social security registration, company seal)

Time required to complete each procedure

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

Cost required to complete each procedure

- Official costs only, no bribes
- No professional fees unless services required by law

Paid-in minimum capital

- Deposited in a bank or with a notary before registration begins

Source: Doing Business database.

procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). A procedure is considered completed once the company has received the final document, such as the company registration certificate or tax number. If a procedure can be accelerated for an additional cost, the fastest procedure is chosen. It is assumed that the entrepreneur does not waste time and commits to completing each remaining procedure without delay. The time that the entrepreneur spends on gathering information is ignored. It is assumed that the entrepreneur is aware of all entry regulations and their sequence from the beginning but has had no prior contact with any of the officials.

COST

Cost is recorded as a percentage of the country's income per capita. It includes all official fees and fees for legal or professional services if such services are required by law. Fees for purchasing and legalizing company books are included if these transactions are required by law. The company law, the commercial code and specific regulations and fee schedules are used as sources for calculating costs. The Philippine Corporation Code, the National Internal Revenue Code and specific regulations and fee schedules of the Securities and Exchange Commission and Bureau of Internal Revenue, and local revenue codes and tax ordinances of the local governments are used as sources for calculating costs. In the absence of

fee schedules, a government officer's estimate is taken as an official source. In the absence of a government officer's estimate, estimates of incorporation lawyers are used. If several incorporation lawyers provide different estimates, the median reported value is applied. In all cases the cost excludes bribes.

PAID-IN MINIMUM CAPITAL

The paid-in minimum capital requirement reflects the amount that the entrepreneur needs to deposit in a bank or with a notary before registration and up to 3 months following incorporation and is recorded as a percentage of the country's income per capita. The amount is typically specified in the commercial code or the company law. Many countries have a minimum capital requirement but allow businesses to pay only a part of it before registration, with the rest to be paid after the first year of operation. The Philippine Corporation Code states that this amount must be at least 6.25% of the corporation's authorized capital stock and not less than PHP 5,000. The Securities and Exchange Commission, Bureau of Internal Revenue, and City Treasurer's Office make distinctions between the authorized capital stock, subscribed capital stock, and paid-in capital for purposes of computing the registration fees and taxes due. *Doing Business in the Philippines 2011* assumes that the paid-in minimum capital, subscribed capital stock, and authorized capital stock are the same amount.

*The data details on starting a business can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list. This methodology was developed in Djankov, Simeon, Rafael la Porta, Florencio López-de-Silanes and Andrei Schleifer. 2002. "The Regulation of Entry." *Quarterly Journal of Economics* 117(1):1-37, and is adopted here with minor changes.*

DEALING WITH CONSTRUCTION PERMITS

Doing Business in the Philippines 2011 records all procedures required for a business in the construction industry to build a standardized warehouse. These procedures include submitting all relevant project-specific documents (for example, building plans and site maps) to the authorities; obtaining all necessary clearances, licenses, permits and certificates; completing all required notifications; and receiving all necessary inspections. *Doing Business in the Philippines 2011* also records procedures for obtaining connections for electricity,

water, sewerage, and a fixed land line. Procedures necessary to register the property so that it can be used as collateral or transferred to another entity are also counted. The survey divides the process of building a warehouse into distinct procedures and calculates the time and cost of completing each procedure in practice under normal circumstances.

Information is collected from experts in construction permitting, including architects, construction lawyers, construction firms, utility service providers and public officials who deal with building regulations, including approvals and inspections. To make the data comparable across economies, several assumptions about the business, the warehouse project and the utility connections are used.

ASSUMPTIONS ABOUT THE CONSTRUCTION COMPANY

The business (BuildCo):

- Is a limited liability company.
- Operates in the selected cities.
- Is 100% domestically and privately owned.
- Has 5 owners, none of whom is a legal entity.
- Is fully licensed and insured to carry out construction projects, such as building warehouses.
- Has 60 builders and other employees, all of them nationals with the technical expertise and professional experience necessary to obtain construction permits and approvals.
- Has at least 1 employee who is a licensed architect and registered with the local association of architects.
- Has paid all taxes and taken out all necessary insurance applicable to its general business activity (for example, accidental insurance for construction workers and third-person liability insurance).
- Owns the land on which the warehouse is built.

ASSUMPTIONS ABOUT THE WAREHOUSE

The warehouse:

- Has a value of PHP 19,500,000.
- Will be used for general storage activities, such as storage of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Has 2 stories, both above ground, with a total surface of approximately 14,000 square feet (1,300.6 square meters).

Each floor is 9 feet, 10 inches (3 meters) high.

- Has road access and is located in the periurban area of the selected city (that is, on the fringes of the city but still within its official limits).
- It is not located in a special economic or industrial zone. The zoning requirements for warehouses are met by building in an area where similar warehouses can be found.
- Is located on a land plot of 10,000 square feet (929 square meters) that is 100% owned by BuildCo and is registered in the cadastre and land registry.
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will include all technical equipment required to make the warehouse fully operational.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

ASSUMPTIONS ABOUT THE UTILITY CONNECTIONS

The electricity connection:

- Is 10 meters (32 feet, 10 inches) from the main electricity network.
- Is a medium-tension, 3-phase, 4-wire Y, 140-kilovolt-ampere (kVA) connection. Three-phase service is available in the construction area.
- Will be delivered by an overhead service, unless overhead service is not available in the periurban area.
- Consists of a simple hookup unless installation of a private substation (transformer) or extension of network is required.
- Requires the installation of only one electricity meter.

BuildCo is assumed to have a licensed electrician on its team to complete the internal wiring for the warehouse.

The water and sewerage connection:

- Is 10 meters (32 feet, 10 inches) from the existing water source and sewer tap.
- Does not require water for fire protection reasons; a fire extinguishing system (dry system) will be used instead. If a wet fire protection system is required by law, it is assumed that the water demand specified below also covers the water needed for fire protection.
- Has an average water use of 662 liters (175 gallons) a day and an average

wastewater flow of 568 liters (150 gallons) a day.

- Has a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year.

The telephone connection:

- Is 10 meters (32 feet, 10 inches) from the main telephone network.
- Is a fixed land line.

PROCEDURES

A procedure is any interaction of the company's employees or managers with external parties, including government agencies, notaries, the land registry, the cadastre, utility companies, public and private inspectors and technical experts apart from in-house architects and engineers. Interactions between company employees, such as development of the warehouse plans and inspections conducted by employees, are not counted as procedures. Procedures that the company undergoes to connect to electricity, water, sewerage and telephone services are included. All procedures that are legally or in practice required for building a warehouse are counted, even if they may be avoided in exceptional cases (table 5.2).

TIME

Time is recorded in calendar days. The measure captures the median duration that local experts indicate is necessary to complete the procedure in practice. It is assumed that the

minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). If a procedure can be accelerated legally for an additional cost, the fastest procedure is chosen. It is assumed that BuildCo does not waste time and commits to completing each remaining procedure without delay. The time that BuildCo spends on gathering information is ignored. It is assumed that BuildCo is aware of all building requirements and their sequence from the beginning.

COST

Cost is recorded as a percentage of the economy's income per capita. Only official costs are recorded. All the fees associated with completing the procedures to legally build a warehouse are recorded, including those associated with obtaining land use approvals and preconstruction design clearances; receiving inspection before, during and after construction; getting utility connections; and registering the warehouse property. Nonrecurring taxes required for the completion of the warehouse project are also recorded. The National Building Code, information from local experts and specific regulations and fee schedules are used as sources for costs. If several local partners provide different estimates, the median reported value is used.

The data details on dealing with construction permits can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list.

REGISTERING PROPERTY

Doing Business in the Philippines 2011 records the full sequence of procedures necessary 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 its business, as collateral in taking new loans or, if necessary, sell to another business. The process starts with obtaining the necessary documents, such as a copy of the seller's title if necessary, and conducting due diligence if required. The transaction is considered complete when it is opposable to third parties and when the buyer can use the property, use it as collateral for a bank loan or resell it.

Every procedure required by law or necessary in practice is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf. Local property lawyers, notaries and property registries provide information

on procedures as well as the time and cost to complete each of them.

ASSUMPTIONS ABOUT THE PARTIES

The parties (buyer and seller):

- Are limited liability companies.
- Are located in the periurban area of the selected cities.
- Are 100% domestically and privately owned.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

ASSUMPTIONS ABOUT THE PROPERTY

The property:

- Has a value of 50 times income per capita. The sale price equals the value.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of land and a building. The land area is 6,000 square feet (557.4 square meters). A 2-story warehouse of 10,000 square feet (929 square meters) is located on the land. The warehouse is 10 years old, is in good condition and complies with all safety standards, building codes and other legal requirements. The property of land and building will be transferred in its entirety.
- Will not be subject to renovations or additional building following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants (legal or illegal), and no other party holds a legal interest in it.

PROCEDURES

A procedure is defined as any interaction of the buyer or the seller, their agents (if an agent is legally or in practice required) or the property with external parties, including government agencies, inspectors, notaries and lawyers. Interactions between company officers and employees are not considered. All procedures that are legally or in practice

TABLE 5.2

What does dealing with construction permits measure?

Procedures to build a warehouse

- Preconstruction (obtaining clearances and the building permit)
- Inspection during construction
- Postconstruction (inspections, obtaining the certificate of occupancy)
- Applying for utilities

Time required to complete each procedure

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

Cost required

- Official costs only, no bribes
- No value added or capital gains tax included

Source: *Doing Business* database.

TABLE 5.3

What does registering a property measure?**Procedures to legally transfer title on real property**

- Preregistration (checking for liens, notarizing sales agreement)
- Registration in the selected city
- Postregistration (paying taxes, filing title with city)

Time required to complete each procedure

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

Cost required

- Official costs only, no bribes
- No value added or capital gains tax included

Source: *Doing Business* database.

required for registering property are recorded, even if they may be avoided in exceptional cases. It is assumed that the buyer follows the fastest legal option available and used by the majority of property owners. Although the buyer may use lawyers or other professionals where necessary in the registration process, it is assumed that it does not employ an outside facilitator in the registration process unless legally or in practice required to do so (table 5.3).

TIME

Time is recorded in calendar days. The measure captures the median duration that property lawyers, notaries or registry officials indicate is necessary to complete a procedure. It is assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). It is assumed that the buyer does not waste time and commits to completing each remaining procedure without delay. If a procedure can be accelerated for an additional cost, the fastest legal procedure available and used by the majority of property owners is chosen. If procedures can be undertaken simultaneously, it is assumed that they are. It is assumed that the parties involved are aware of all regulations and their sequence from the beginning. Time spent on gathering information is not considered.

COST

Cost is recorded as a percentage of the property value, assumed to be equivalent to 50 times income per capita. Only official costs required by law are recorded, including fees,

transfer taxes, stamp duties and any other payment to the property registry, notaries, public agencies or lawyers. Other taxes, such as capital gains tax or value added tax, are excluded from the cost measure. Both costs borne by the buyer and those borne by the seller are included. If cost estimates differ among sources, the median reported value is used.

The data details on registering property can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list.

INDICATOR RANKING

The ranking on each topic is the simple average of the percentile rankings on its component indicators. The ease of starting a business is a simple average of the city rankings on the number of procedures, and the associated time and cost (% of income per capita) required to start a business. The ease of dealing with construction permits is a simple average of the city rankings on the number of procedures, and the associated time and cost (% of income per capita) required to build a warehouse. The ease of registering property is a simple average of the city rankings on the number of procedures, associated time and cost (% of property value) required to register property.

The rankings are limited in scope. They do not account for an economy's proximity to large markets, the quality of its infrastructure services (other than services related to construction permits), the security of property from theft and looting, macroeconomic conditions or the strength of underlying institutions. There remains a large unfinished agenda for research into what regulation constitutes binding constraints, what package of reforms is most effective and how these issues are shaped by the context of an economy. The *Doing Business* indicators provide a new empirical data set that may improve understanding of these issues.

City tables

Batangas City

Starting a business (rank)	18	Dealing with construction permits (rank)	11	Registering property (rank)	11
Procedures (number)	19	Procedures (number)	27	Procedures (number)	8
Time (days)	34	Time (days)	86	Time (days)	48
Cost (% of income per capita)	26.7	Cost (% of income per capita)	944.8	Cost (% of property value)	3.8
Minimum capital (% of income per capita)	0.06				

Cagayan de Oro

Starting a business (rank)	14	Dealing with construction permits (rank)	7	Registering property (rank)	24
Procedures (number)	17	Procedures (number)	30	Procedures (number)	8
Time (days)	32	Time (days)	92	Time (days)	81
Cost (% of income per capita)	27.8	Cost (% of income per capita)	279.5	Cost (% of property value)	5.3
Minimum capital (% of income per capita)	0.06				

Caloocan

Starting a business (rank)	11	Dealing with construction permits (rank)	16	Registering property (rank)	6
Procedures (number)	16	Procedures (number)	31	Procedures (number)	8
Time (days)	28	Time (days)	109	Time (days)	33
Cost (% of income per capita)	33.3	Cost (% of income per capita)	791.8	Cost (% of property value)	3.8
Minimum capital (% of income per capita)	0.06				

Cebu City

Starting a business (rank)	7	Dealing with construction permits (rank)	14	Registering property (rank)	4
Procedures (number)	15	Procedures (number)	36	Procedures (number)	9
Time (days)	31	Time (days)	92	Time (days)	24
Cost (% of income per capita)	24.7	Cost (% of income per capita)	126.4	Cost (% of property value)	3.6
Minimum capital (% of income per capita)	0.06				

Davao City

Starting a business (rank)	2	Dealing with construction permits (rank)	1	Registering property (rank)	20
Procedures (number)	17	Procedures (number)	27	Procedures (number)	8
Time (days)	27	Time (days)	57	Time (days)	36
Cost (% of income per capita)	17	Cost (% of income per capita)	94.2	Cost (% of property value)	4.9
Minimum capital (% of income per capita)	0.06				

General Santos

Starting a business (rank)	1	Dealing with construction permits (rank)	3	Registering property (rank)	25
Procedures (number)	17	Procedures (number)	29	Procedures (number)	9
Time (days)	22	Time (days)	71	Time (days)	43
Cost (% of income per capita)	15.3	Cost (% of income per capita)	644.6	Cost (% of property value)	5.6
Minimum capital (% of income per capita)	0.06				

Iloilo City

Starting a business (rank)	20	Dealing with construction permits (rank)	20	Registering property (rank)	22
Procedures (number)	20	Procedures (number)	29	Procedures (number)	8
Time (days)	56	Time (days)	109	Time (days)	40
Cost (% of income per capita)	22.3	Cost (% of income per capita)	1,035.3	Cost (% of property value)	4.9
Minimum capital (% of income per capita)	0.06				

Lapu-Lapu

Starting a business (rank)	5	Dealing with construction permits (rank)	11	Registering property (rank)	13
Procedures (number)	17	Procedures (number)	34	Procedures (number)	8
Time (days)	31	Time (days)	88	Time (days)	64
Cost (% of income per capita)	20	Cost (% of income per capita)	529.3	Cost (% of property value)	3.8
Minimum capital (% of income per capita)	0.06				

Las Piñas

Starting a business (rank)	24	Dealing with construction permits (rank)	10	Registering property (rank)	5
Procedures (number)	21	Procedures (number)	27	Procedures (number)	8
Time (days)	35	Time (days)	102	Time (days)	30
Cost (% of income per capita)	34.7	Cost (% of income per capita)	796.9	Cost (% of property value)	4.7
Minimum capital (% of income per capita)	0.06				

Makati

Starting a business (rank)	20	Dealing with construction permits (rank)	9	Registering property (rank)	21
Procedures (number)	19	Procedures (number)	26	Procedures (number)	9
Time (days)	33	Time (days)	90	Time (days)	32
Cost (% of income per capita)	36	Cost (% of income per capita)	806.6	Cost (% of property value)	4.7
Minimum capital (% of income per capita)	0.06				

Malabon

Starting a business (rank)	16	Dealing with construction permits (rank)	22	Registering property (rank)	15
Procedures (number)	20	Procedures (number)	32	Procedures (number)	9
Time (days)	32	Time (days)	112	Time (days)	32
Cost (% of income per capita)	26.7	Cost (% of income per capita)	815.3	Cost (% of property value)	3.6
Minimum capital (% of income per capita)	0.06				

Mandaluyong

Starting a business (rank)	9	Dealing with construction permits (rank)	21	Registering property (rank)	17
Procedures (number)	19	Procedures (number)	33	Procedures (number)	9
Time (days)	28	Time (days)	121	Time (days)	22
Cost (% of income per capita)	21.7	Cost (% of income per capita)	794.9	Cost (% of property value)	4.8
Minimum capital (% of income per capita)	0.06				

Mandaue

Starting a business (rank)	13	Dealing with construction permits (rank)	8	Registering property (rank)	8
Procedures (number)	18	Procedures (number)	35	Procedures (number)	8
Time (days)	35	Time (days)	72	Time (days)	63
Cost (% of income per capita)	19.9	Cost (% of income per capita)	135.5	Cost (% of property value)	3.3
Minimum capital (% of income per capita)	0.06				

Manila

Starting a business (rank)	17	Dealing with construction permits (rank)	13	Registering property (rank)	9
Procedures (number)	15	Procedures (number)	26	Procedures (number)	8
Time (days)	38	Time (days)	169	Time (days)	33
Cost (% of income per capita)	30.3	Cost (% of income per capita)	778.5	Cost (% of property value)	4.3
Minimum capital (% of income per capita)	0.06				

Marikina

Starting a business (rank)	8	Dealing with construction permits (rank)	5	Registering property (rank)	10
Procedures (number)	16	Procedures (number)	28	Procedures (number)	8
Time (days)	29	Time (days)	91	Time (days)	32
Cost (% of income per capita)	24.3	Cost (% of income per capita)	785.2	Cost (% of property value)	4.8
Minimum capital (% of income per capita)	0.06				

Muntinlupa

Starting a business (rank)	22	Dealing with construction permits (rank)	17	Registering property (rank)	19
Procedures (number)	20	Procedures (number)	31	Procedures (number)	9
Time (days)	36	Time (days)	108	Time (days)	27
Cost (% of income per capita)	26.9	Cost (% of income per capita)	802.1	Cost (% of property value)	4.8
Minimum capital (% of income per capita)	0.06				

Navotas

Starting a business (rank)	15	Dealing with construction permits (rank)	15	Registering property (rank)	2
Procedures (number)	21	Procedures (number)	28	Procedures (number)	8
Time (days)	34	Time (days)	107	Time (days)	32
Cost (% of income per capita)	21	Cost (% of income per capita)	802.6	Cost (% of property value)	3.5
Minimum capital (% of income per capita)	0.06				

Parañaque

Starting a business (rank)	19	Dealing with construction permits (rank)	18	Registering property (rank)	16
Procedures (number)	20	Procedures (number)	30	Procedures (number)	9
Time (days)	35	Time (days)	107	Time (days)	27
Cost (% of income per capita)	26	Cost (% of income per capita)	827.3	Cost (% of property value)	4.6
Minimum capital (% of income per capita)	0.06				

Pasay

Starting a business (rank)	10	Dealing with construction permits (rank)	19	Registering property (rank)	13
Procedures (number)	17	Procedures (number)	31	Procedures (number)	8
Time (days)	32	Time (days)	121	Time (days)	31
Cost (% of income per capita)	22.2	Cost (% of income per capita)	798.4	Cost (% of property value)	4.9
Minimum capital (% of income per capita)	0.06				

Pasig

Starting a business (rank)	23	Dealing with construction permits (rank)	24	Registering property (rank)	3
Procedures (number)	22	Procedures (number)	36	Procedures (number)	8
Time (days)	36	Time (days)	148	Time (days)	30
Cost (% of income per capita)	26.1	Cost (% of income per capita)	790.8	Cost (% of property value)	4.6
Minimum capital (% of income per capita)	0.06				

Quezon City

Starting a business (rank)	12	Dealing with construction permits (rank)	22	Registering property (rank)	17
Procedures (number)	16	Procedures (number)	33	Procedures (number)	8
Time (days)	36	Time (days)	120	Time (days)	39
Cost (% of income per capita)	21.4	Cost (% of income per capita)	804.4	Cost (% of property value)	4.8
Minimum capital (% of income per capita)	0.06				

San Juan

Starting a business (rank)	25	Dealing with construction permits (rank)	25	Registering property (rank)	12
Procedures (number)	21	Procedures (number)	33	Procedures (number)	9
Time (days)	39	Time (days)	144	Time (days)	26
Cost (% of income per capita)	26.3	Cost (% of income per capita)	804.7	Cost (% of property value)	4.6
Minimum capital (% of income per capita)	0.06				

Taguig

Starting a business (rank)	3	Dealing with construction permits (rank)	2	Registering property (rank)	6
Procedures (number)	16	Procedures (number)	25	Procedures (number)	8
Time (days)	28	Time (days)	85	Time (days)	32
Cost (% of income per capita)	23.2	Cost (% of income per capita)	795.3	Cost (% of property value)	4.6
Minimum capital (% of income per capita)	0.06				

Valenzuela

Starting a business (rank)	4	Dealing with construction permits (rank)	6	Registering property (rank)	1
Procedures (number)	16	Procedures (number)	28	Procedures (number)	8
Time (days)	32	Time (days)	91	Time (days)	30
Cost (% of income per capita)	20.4	Cost (% of income per capita)	789.8	Cost (% of property value)	3.5
Minimum capital (% of income per capita)	0.06				

Zamboanga City

Starting a business (rank)	6	Dealing with construction permits (rank)	4	Registering property (rank)	23
Procedures (number)	20	Procedures (number)	32	Procedures (number)	9
Time (days)	28	Time (days)	46	Time (days)	26
Cost (% of income per capita)	16.9	Cost (% of income per capita)	608.5	Cost (% of property value)	5.8
Minimum capital (% of income per capita)	0.06				

Doing Business indicators

Starting a business

	Procedures (number)	Time (days)	Cost (% of GNI per capita)	Paid-in minimum capital (% of GNI per capita)	Ease of starting a business (rank)
Batangas City	19	34	26.7	6%	18
Cagayan de Oro	17	32	27.8	6%	14
Caloocan	16	28	33.3	6%	11
Cebu City	15	31	24.7	6%	7
Davao City	17	27	17.0	6%	2
General Santos	17	22	15.3	6%	1
Iloilo City	20	56	22.3	6%	20
Lapu-Lapu	17	31	20.0	6%	5
Las Piñas	21	35	34.7	6%	24
Makati	19	33	36.0	6%	20
Malabon	20	32	26.7	6%	16
Mandaluyong	19	28	21.7	6%	9
Mandaue	18	35	19.9	6%	13
Manila	15	38	30.3	6%	17
Marikina	16	29	24.3	6%	8
Muntinlupa	20	36	26.9	6%	22
Navotas	21	34	21.0	6%	15
Parañaque	20	35	26.0	6%	19
Pasay	17	32	22.2	6%	10
Pasig	22	36	26.1	6%	23
Quezon City	16	36	21.4	6%	12
San Juan	21	39	26.3	6%	25
Taguig	16	28	23.2	6%	3
Valenzuela	16	32	20.4	6%	4
Zamboanga City	20	28	16.9	6%	6

	Dealing with construction permits				Registering property			
	Procedures (number)	Time (days)	Cost (% of GNI per capita)	Ease of dealing with construction permits (rank)	Procedures (number)	Time (days)	Cost (% of property value)	Ease of registering property (rank)
Batangas City	27	86	944.8	11	8	48	3.8	11
Cagayan de Oro	30	92	279.5	7	8	81	5.3	24
Caloocan	31	109	791.8	16	8	33	3.8	6
Cebu City	36	92	126.4	14	9	24	3.6	4
Davao City	27	57	94.2	1	8	36	4.9	20
General Santos	29	71	644.6	3	9	43	5.6	25
Iloilo City	29	109	1,035.3	20	8	40	4.9	22
Lapu-Lapu	34	88	529.3	11	8	64	3.8	13
Las Piñas	27	102	796.9	10	8	30	4.7	5
Makati	26	90	806.6	9	9	32	4.7	21
Malabon	32	112	815.3	22	9	32	3.6	15
Mandaluyong	33	121	794.9	21	9	22	4.8	17
Mandaue	35	72	135.5	8	8	63	3.3	8
Manila	26	169	778.5	13	8	33	4.3	9
Marikina	28	91	785.2	5	8	32	4.8	10
Muntinlupa	31	108	802.1	17	9	27	4.8	19
Navotas	28	107	802.6	15	8	32	3.5	2
Parañaque	30	107	827.3	18	9	27	4.6	16
Pasay	31	121	798.4	19	8	31	4.9	13
Pasig	36	148	790.8	24	8	30	4.6	3
Quezon City	33	120	804.4	22	8	39	4.8	17
San Juan	33	144	804.7	25	9	26	4.6	12
Taguig	25	85	795.3	2	8	32	4.6	6
Valenzuela	28	91	789.8	6	8	30	3.5	1
Zamboanga City	32	46	608.5	4	9	26	5.8	23

List of procedures

Starting a business

Dealing with construction permits

Registering property

LIST OF PROCEDURES

Starting a business

BATANGAS CITY

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC and receive pre-registered Taxpayer Identification Number (TIN)

Time: 3 days

Cost: PHP 2,665 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin)

Comments: 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;
- Registration data sheet with particulars on directors, officers, stockholders, and so forth;
- Written undertaking to comply with SEC reporting requirements (notarized); and
- Written undertaking to change corporate name (notarized).

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.

Procedure 5. Obtain barangay clearance

Time: 1 day

Cost: PHP 800

Comments: 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. Barangay fees may depend on:

- a. the location and the area (size in square meters) of the place of business; or
- b. the company's paid-up capital and the area it occupies; or
- c. whether they issue clearance plates or certificates.

Procedure 6. Obtain application form from the Business Permits and Licensing Division (BPLD)

Time: 1 day
Cost: No cost

Procedure 7. Obtain endorsement from the City Treasurer's Office (CTO) to the Bureau of Fire Protection (BFP) and the City Environment Office (City ENRO)

Time: 1 day
Cost: No cost

Procedure 8. Obtain temporary Fire Safety Inspection Certificate (FSIC) from the BFP

Time: 1 day
Cost: No cost (fees included in procedure 11)

Procedure 9*. Obtain clearance from City ENRO

Time: 1 day
Cost: No cost (fees included in procedure 11)

Procedure 10*. Obtain sanitary permit and endorsement from City Health Office

Time: 1 day
Cost: No cost (fees included in procedure 11)

Procedure 11. Obtain business permit to operate from BPLD

Time: 2 days
Cost: PHP 9,041 (PHP 625.50 business license fee (7.5% of 1% of paid up capital) + PHP 2,000 mayor's permit fee + PHP 300 sanitation inspection fee + PHP 5,000 environmental fee + PHP 300 fire inspection fee + PHP 50 City ENRO Clean and Green fee + PHP 765 FSIC (10% of all LGU charges))

Comments: Requirements:

- a. Duly accomplished application form;
- b. Barangay permit;
- c. SEC registration and Articles of Incorporation
- d. Endorsement from City Health Office;
- e. Temporary FSIC;
- f. Contract of lease; and
- g. Tax order of payment receipts.

Procedure 12. Buy special books of account at bookstore

Time: 1 day
Cost: PHP 400

Comments: 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.

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.

Procedure 13. Apply for Certificate of Registration (COR) and TIN at the Bureau of Internal Revenue (BIR)

Time: 7 days
Cost: PHP 115 (PHP 100 certification + PHP 15 documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- a. Barangay clearance;
- b. Mayor's permit; and

- c. Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 14. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day
Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 15. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day
Cost: No cost

Comments: 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 purpose. 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):

- 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).

Procedure 16. Print receipts and invoices at the print shops

Time: 7 days
Cost: PHP 4,000 (between PHP 3,000 - PHP 5,000)

Comments: The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 17. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day
Cost: No cost

Comments: 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:

- 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.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 18. Register with the Social Security System (SSS)

Time: 1 day
Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- 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.

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.

Procedure 19. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- 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.

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.

*This procedure can be completed simultaneously with previous procedures.

STARTING A BUSINESS

CAGAYAN DE ORO

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC

Time: 5 days

Cost: PHP 2,695 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin + PHP 30 handling fee)

Comments: 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:

- 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 on directors, officers, stockholders, and so forth;
- h. Written undertaking to comply with SEC reporting requirements (notarized); and
- i. Written undertaking to change corporate name (notarized).

The SEC Extension Office charges a handling fee of PHP 30 to cover the cost of transmitting the documents to the SEC Head Office in Metro Manila.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Procedure 6. Obtain barangay clearance

Time: 1 day

Cost: PHP 800

Comments: 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. Barangay fees may depend on:

- a. the location and the area (size in square meters) of the place of business; or
- b. the company's paid-up capital and the area it occupies; or
- c. whether they issue clearance plates or certificates.

Procedure 7. Verify real property tax payment at the City Treasurer's Office (CTO) Realty Tax Division

Time: 1 day

Cost: No cost

Comments: The CTO checks its database to see if tax payments are up to date. It does not issue tax clearance certificate of real estate taxes for this procedure.

Procedure 8. Notarize application form at the City Legal Office

Time: 1 day

Cost: No cost

Comments: The application forms are downloadable from the city's website.

Procedure 9. Obtain Mayor's Permit to operate from the Business Permits and Licensing Division (BPLD)

Time: 3 days

Cost: PHP 11,447 (PHP 6,254.95 business tax (75% of 1% of capitalization) + PHP 100 annual building inspection fee + PHP 75 billboard fee + PHP 2,000 garbage fee + PHP 350 health certificate (PHP 35 per person) + PHP 600.00 mayor's permit fee + PHP 1,000 occupation permit at (PHP 100 per person) + PHP 500 sanitary inspection fee + PHP 75 zoning fee + PHP 20 oath fee + PHP 472 FSIC (10% of all regulatory fees))

The city does not issue a business plate and sticker.

Comments: Inspections by different offices are conducted within 60 days after the issuance of the business permit. Permit may be revoked if applicant fails to comply with the post-permit requirements. The additional requirements are the post inspections only.

The city collects initial business tax for the quarter covering the period of business registration. In the succeeding quarter(s), the tax is based on the gross sales for the preceding quarter.

Procedure 10. Buy special books of account at bookstore

Time: 1 day

Cost: PHP 400

Comments: 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.

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.

Procedure 11. Apply for Certificate of Registration (COR) and Taxpayer Identification Number (TIN) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit; and
- Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 12. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day

Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 13. Obtain the authority to print receipts and invoices from the BIR

Time: 3 days

Cost: No cost

Comments: 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 14. Print receipts and invoices at the print shops

Time: 7 days

Cost: PHP 2,000

Comments: The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 15. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day

Cost: No cost

Comments: 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 16. Register with the Social Security System (SSS)

Time: 1 day

Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

Procedure 17. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and
- Copy of business permit.

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.

STARTING A BUSINESS

CALOOCAN

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC and receive pre-registered Taxpayer Identification Number (TIN)

Time: 3 days

Cost: PHP 2,665 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin)

Comments: 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;
- Registration data sheet with particulars on directors, officers, stockholders, and so forth;
- Written undertaking to comply with SEC reporting requirements (notarized); and
- Written undertaking to change corporate name (notarized).

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.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Procedure 6. Obtain barangay clearance

Time: 1 day

Cost: PHP 300 (between PHP 50 – PHP 800)

Comments: 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. Barangay fees may depend on:

- the location and the area (size in square meters) of the place of business; or
- the company's paid-up capital and the area it occupies; or
- whether they issue clearance plates or certificates.

Procedure 7. Obtain the business permit to operate from the Business Permits and Licensing Office (BPLO)

Time: 3 days

Cost: PHP 15,110 (PHP 1,667.99 business tax + PHP 2,410 mayor's permit fee + PHP 350 business plate/sticker + PHP 5,640 refuse fee + PHP 2,410 sanitary permit fee + PHP 150 building inspection fee + PHP 550 electrical inspection fee + PHP 500 mechanical inspection fee + PHP 90 plumbing inspection fee + PHP 120 billboard/signboard inspection fee + PHP 1,222 FSIC (10% of all regulatory charges))

Comments: The business permit application form can be downloaded from the Caloocan City website at www.caloocancity.gov.ph. To obtain the business permit, the company must file the following documents at the BPLO:

- SEC registration;
- Articles of incorporation and by-laws;
- Barangay clearance;
- Community tax certificate;

- Duly accomplished application form;
- Photocopy of contract of lease;
- Public legal liability insurance;
- Vicinity map; and
- Picture of establishment (outside and inside views).

The application form is submitted at the BPLO for verification, inspection and assessment of fees. The business permit fees and taxes are paid at the City Treasurer's Office. The company is given a temporary sanitation permit from the City Health Office, which is valid for 30 days. Inspections for sanitary permit and fire safety take place after issuance of the business permit.

Procedure 8*. Receive inspection from the BPLO

Time: 1 day

Cost: No cost

Comments: The BPLO conducts an inspection to verify that the business will conduct the activity it has stated in the application. Upon submission of the business permit application, the business establishment is inspected on the same day.

Procedure 9. Buy special books of account at bookstore

Time: 1 day

Cost: PHP 400

Comments: 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.

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.

Procedure 10. Apply for Certificate of Registration (COR) and TIN at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit; and
- Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 11. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day

Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 12. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost (fees included in procedure 10)

Comments: 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 13. Print receipts and invoices at the print shops

Time: 7 days

Cost: PHP 3,500 (between PHP 3,000 – PHP 3,800)

Comments: 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 for 10 booklets.

Procedure 14. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day

Cost: No cost

Comments: 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 15. Register with the Social Security System (SSS)

Time: 3 days

Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

Procedure 16. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and
- Copy of business permit.

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.

*This procedure can be completed simultaneously with previous procedures.

STARTING A BUSINESS

CEBU CITY

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC

Time: 5 days

Cost: PHP 2,695 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin + PHP 30 handling fee)

Comments: 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;
- Registration data sheet with particulars on directors, officers, stockholders, and so forth;
- Written undertaking to comply with SEC reporting requirements (notarized); and
- Written undertaking to change corporate name (notarized).

The SEC Extension Office charges a handling fee of PHP 30 to cover the cost of transmitting the documents to the SEC Head Office in Metro Manila.

Procedure 5. Obtain the business permit application form and community tax certificate (CTC) from the Cebu City Hall representative at DTI National Economic Research and Business Action Center (NERBAC)

Time: 1 day

Cost: PHP 500 (cost of community tax certificate)

Comments: The NERBAC has been operational in Cebu City since May 2008 and has greatly facilitated the business permit application process. Personnel from the City Treasurer's Office assigned at the NERBAC office process requests for business permit application forms and issue CTCs to applicants. After the application form is notarized, the applicant submits this to the NERBAC for verification, assessment and payment of the business permit fees and taxes.

Procedure 6. Notarize the business permit application form at the notary**Time:** 1 day**Cost:** PHP 20**Procedure 7. Obtain the Business Tax Payment Certificate (BTPC) from the Cebu City Hall representative at DTI NERBAC****Time:** 3 days**Cost:** PHP 9,194.79 (PHP 417 business tax (1/20 of 1% of capitalization) + PHP 1667.98 mayor's permit fee (1/5 of 1% of capitalization) + PHP 500 zoning fee + PHP 5,000 garbage fee + PHP 50 health certificate + PHP 480 building fees + PHP 100 signboard fee + PHP 779.80 FSIC (10% of all regulatory fees) + PHP 200 barangay clearance)**Comments:** Once the BTPC is issued, the company can already operate while it is given 60 days to comply with other legal requirements such as barangay clearance and SSS, PhilHealth, and BIR registration, and to submit itself to the required inspections. For purposes of this study, the cost of the barangay clearance has been included in the total cost for the business permit even though this is paid to the barangay separately after the issuance of the BTPC.

The city has a joint inspection team (JIT) consisting of representatives from the Zoning Department, Office of the Building Official, City Health Department, Bureau of Fire Protection and the Office of the Mayor. Inspections are conducted within sixty (60) days from issuance of the BTPC.

Procedure 8. Buy special books of account at bookstore**Time:** 1 day**Cost:** PHP 400**Comments:** 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.

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.

Procedure 9. Apply for Certificate of Registration (COR) and Taxpayer Identification Number (TIN) at the Bureau of Internal Revenue (BIR)**Time:** 2 days**Cost:** PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)**Comments:** The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit; and
- Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 10. Pay the registration fee and documentary stamp taxes (DST) at the AAB**Time:** 1 day**Cost:** PHP 4,670 (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)**Comments:** The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 11. Obtain the authority to print receipts and invoices from the BIR**Time:** 1 day**Cost:** No cost (fees included in procedure 10)**Comments:** 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 12. Print receipts and invoices at the print shops**Time:** 7 days**Cost:** PHP 2,500 (between PHP 2,500 – PHP 3,000)**Comments:** The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.**Procedure 13. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR****Time:** 1 day**Cost:** No cost**Comments:** 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 14. Register with the Social Security System (SSS)**Time:** 4 days**Cost:** No cost**Comments:** To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

Procedure 15. Register with the Philippine Health Insurance Company (PhilHealth)**Time:** 1 day**Cost:** No cost**Comments:** To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and

e. Copy of business permit.

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.

STARTING A BUSINESS

DAVAO CITY

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: PHP 150

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC

Time: 3 days

Cost: PHP 2,695 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin + PHP 30 handling fee)

Comments: 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;
- Registration data sheet with particulars on directors, officers, stockholders, and so forth;
- Written undertaking to comply with SEC reporting requirements (notarized); and
- Written undertaking to change corporate name (notarized).

The SEC Extension Office charges a handling fee of PHP 30 to cover the cost of transmitting the documents to the SEC Head Office in Metro Manila.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Procedure 6. Obtain barangay clearance

Time: 1 day

Cost: PHP 50 (between PHP 0 – PHP 100)

Comments: 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. Barangay fees may depend on:

- the location and the area (size in square meters) of the place of business; or
- the company's paid-up capital and the area it occupies; or
- whether they issue clearance plates or certificates.

Procedure 7. Obtain print-out of the encoded business permit application form from the Business Bureau–Permits and License Division (BBPLD)

Time: 1 day

Cost: No cost

Comments: The application form can be downloaded from the city's website. The applicant submits the filled out application form to the BBPLD for encoding, evaluation and verification. The BBPLD releases a printout of the encoded application form, which the applicant must have notarized.

Procedure 8. Notarize the encoded business permit application form at the City Legal Office

Time: 1 day

Cost: PHP 50

Procedure 9. Obtain the Temporary Authority to Operate (TAO) and Compliance Form from the BBPLD

Time: 1 day

Cost: PHP 3,332 (PHP 417 business tax (1/20 of 1% of capitalization) + PHP 600 garbage fee + PHP 50 health certification fee + PHP 100 laboratory fee + PHP 1,000 mayor's permit fee + PHP 200 sanitary permit fee + PHP 200 sanitary inspection fee + PHP 300 zoning fee + PHP 150 license plate + PHP 50 tax clearance + PHP 265 FSIC (10% of regulatory fees))

Comments: The city introduced the TAO in November 2008. To obtain the business permit, the company must file the following documents at the BBPLD:

- SEC registration;
- Articles of incorporation;
- Community tax certificate of the corporation (but only if corporation is established before June 30)
- Barangay clearance;
- Board resolution authorizing person to transact, and clear photocopy of ID of authorized person;
- Duly notarized lease contract (if office is rented); and
- Sketch of location on the back of the application form.

There is one-time assessment of all fees at the City Treasurer's Office. Upon payment, the applicant will go to BBPLD to present official receipt and supporting documents. Once approved, the TAO and Compliance Form are released and the applicant can commence business operations.

The applicant has to submit the original TAO, Compliance Form and other requirements within 30 working days from issuance of the TAO. Non-compliance within said period will result in automatic revocation and cancellation of the TAO and closure of the business. The requirements include occupational permits for employees, verification of building permit at the Office of the Building Official, zoning verification at the City Planning and Development Office and temporary approval from the Bureau of Fire Protection.

Procedure 10. Buy special books of account at bookstore

Time: 1 day

Cost: PHP 400

Comments: 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.

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.

Procedure 11. Apply for Certificate of Registration (COR) and Taxpayer Identification Number (TIN) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 15 (documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit; and
- Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 12. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day

Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 13. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost (fees included in procedure 12)

Comments: 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 14. Print receipts and invoices at the print shops

Time: 7 days

Cost: PHP 1,750

Comments: The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 15. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day

Cost: No cost

Comments: 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 16. Register with the Social Security System (SSS)

Time: 2 days

Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

Procedure 17. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and
- Copy of business permit.

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.

STARTING A BUSINESS

GENERAL SANTOS

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC

Time: 1 day

Cost: PHP 2,695 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin + PHP 30 handling fee)

Comments: 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;
- Registration data sheet with particulars on directors, officers, stockholders, and so forth;
- Written undertaking to comply with SEC reporting requirements (notarized); and
- Written undertaking to change corporate name (notarized).

The SEC Extension Office charges a handling fee of PHP 30 to cover the cost of transmitting the documents to the SEC Head Office in Metro Manila.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Procedure 6. Obtain barangay clearance

Time: 1 day

Cost: PHP 800

Comments: 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. Barangay fees may depend on:

- the location and the area (size in square meters) of the place of business; or
- the company's paid-up capital and the area it occupies; or
- whether they issue clearance plates or certificates.

Procedure 7. Obtain application form from Business Permits and Licensing Division (BPLD)

Time: 1 day

Cost: No cost

Procedure 8. Notarize business permit application form at the notary

Time: 1 day

Cost: PHP 50

Procedure 9. Register with the Social Security System (SSS)

Time: 1 day

Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

SSS registration is a prerequisite to the issuance of the business permit by the BPLD.

Procedure 10. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and
- Copy of business permit.

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.

Philhealth registration is a prerequisite to the issuance of the business permit by the BPLD.

SSS registration is a pre-requisite to Philhealth registration.

Procedure 11. Apply for Certificate of Registration (COR) and Taxpayer Identification Number (TIN) at the Bureau of Internal Revenue (BIR)

Time: 1 day

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit; and
- Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 12. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day

Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 13. Obtain business permit to operate from the BPLD**Time:** 2 days

Cost: PHP 1,805 (PHP 625.5 business tax (3/4 of 1% of paid up capital) + PHP 200 mayor's permit fee + PHP 75 garbage fee + PHP 200 sanitary inspection fee + PHP 45 health certificate + PHP 120 annual building inspection fee + PHP 6 zoning fee + PHP 10 subscription fee + PHP 310 City ENRO fee + PHP 100 business plate + PHP 6 assessor's fee + PHP 107.2 fire clearance fee (10% of business tax))

Comments: Upon the applicant's submission of the notarized application form, the BPLD personnel route the application form to the following offices: 1. Bureau of Fire Protection (to obtain the temporary FSIC), 2. City Engineering Office (CEO) (to obtain building clearance), 3. City Planning and Development Office (to obtain property index number and zoning clearance), 4. City Health Office (to obtain the sanitary permit), 5. City Environment Office (City ENRO) (to obtain environmental clearance), 6. City Treasurer's Office (to obtain the land tax clearance, fiscal examination, and assessment and billing).

Once all the clearances are ready, the BPLD personnel inform the applicant via phone call or SMS message.

The following documents must be complete in order for the permit to be issued:

- a. Duly notarized application form;
- b. SEC registration;
- c. Barangay clearance;
- d. Community tax certificate;
- e. Locational clearance;
- f. Temporary FSIC;
- g. Sanitary permit;
- h. City ENRO Clearance;
- i. CEO building inspection checklist;
- j. Lease contract;
- k. SSS clearance; and
- l. Philhealth clearance.

The city collects initial business tax for the quarter covering the period of business registration. In the succeeding quarter(s), the tax is based on the gross sales for the preceding quarter.

Procedure 14. Buy special books of account at bookstore**Time:** 1 day**Cost:** PHP 400

Comments: 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 400.00.

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.

Procedure 15. Obtain the authority to print receipts and invoices from the BIR**Time:** 3 days**Cost:** No cost

Comments: 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 purpose. 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):

- 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).

Procedure 16. Print receipts and invoices at the print shops**Time:** 3 days**Cost:** PHP 1,200

Comments: The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 17. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR**Time:** 1 day**Cost:** No cost

Comments: 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:

- 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.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

STARTING A BUSINESS**ILOILO CITY**

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)**Time:** 2 days**Cost:** PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit**Time:** 1 day**Cost:** No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary**Time:** 1 day**Cost:** PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC**Time:** 3 days

Cost: PHP 2,695 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin + PHP 30 handling fee)

Comments: 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:

- 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 on directors, officers, stockholders, and so forth;
- h. Written undertaking to comply with SEC reporting requirements (notarized); and
- i. Written undertaking to change corporate name (notarized).

The SEC Extension Office charges a handling fee of PHP 30 to cover the cost of transmitting the documents to the SEC Head Office in Metro Manila.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Procedure 6. Obtain barangay clearance

Time: 1 day

Cost: PHP 100

Comments: 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. Barangay fees may depend on:

- a. the location and the area (size in square meters) of the place of business; or
- b. the company's paid-up capital and the area it occupies; or
- c. whether they issue clearance plates or certificates.

Procedure 7. Submit business permit application form and requirements to, and obtain tax order of payment from City Treasurer's Office (CTO)

Time: 1 day

Cost: No cost

Comments: The application form is downloadable at the city's website. Notarization is not required.

The CTO issues a tax order of payment after conducting an inspection and assessing the appropriate fees.

Requirements:

1. Barangay clearance
2. SEC registration
3. CTC
4. Certificate of no real property

Procedure 8*. Receive inspection from the CTO

Time: 1 day

Cost: No cost

Procedure 9*. Obtain certificate of no real property from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 115 (PHP 100 for certification + PHP 15 documentary stamp tax)

Comments: The applicant must apply for a certificate of no real property in view of the fact that it does not own any real estate and is only leasing commercial space.

Procedure 10. Obtain temporary fire safety approval from the Bureau of Fire Protection (BFP)

Time: 1 day

Cost: No cost (fees included in procedure 12)

Comments: In applying for a business permit, the applicant is allowed to secure a Fire Safety Inspection Certificate (FSIC) within 60 days from issuance of the business permit. In the meantime, the applicant is required to secure temporary approval from the BFP.

Procedure 11*. Obtain locational clearance from the City Planning and Development Office (CPDO)

Time: 3 days

Cost: No cost (fees included in procedure 12)

Procedure 12. Obtain Mayor's Permit from the Business Permits and Licensing Division

Time: 7 days

Cost: PHP 5,458 (PHP 278 business tax (1/30 of 1% of paid up capital) + PHP 1,000 mayor's permit fee + PHP 200 sanitary inspection fee + PHP 2,400 garbage fee + PHP 340 fire inspection fee + PHP 500 business plate + PHP 200 PTR fee + PHP 100 zoning fee + PHP 440 FSIC (10% of all regulatory fees))

Comments: The applicant must submit the following requirements:

- a. Locational clearance
- b. Temporary fire safety approval

Procedure 13. Buy special books of account at bookstore

Time: 1 day

Cost: PHP 400

Comments: 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.

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.

Procedure 14. Apply for Certificate of Registration (COR) and Taxpayer Identification Number (TIN) at the Bureau of Internal Revenue (BIR)

Time: 7 days

Cost: PHP 115 (PHP 100 certification + PHP 15 documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- a. Barangay clearance;
- b. Mayor's permit; and
- c. Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 15. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day

Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 16. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost

Comments: 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 purpose. 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):

- 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).

Procedure 17. Print receipts and invoices at the print shops

Time: 14 days

Cost: PHP 4,000 (between PHP 3,000 – PHP 5,000)

Comments: 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 for 10 booklets.

Procedure 18. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day

Cost: No cost

Comments: 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:

- 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.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 19. Register with the Social Security System (SSS)

Time: 7 days

Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- 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.

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.

Procedure 20. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- 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.

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.

*This procedure can be completed simultaneously with previous procedures.

STARTING A BUSINESS

LAPU-LAPU

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC

Time: 4 days

Cost: PHP 2,695 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin + PHP 30 handling fee)

Comments: 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:

- 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 on directors, officers, stockholders, and so forth;
- h. Written undertaking to comply with SEC reporting requirements (notarized); and
- i. Written undertaking to change corporate name (notarized).

The SEC Extension Office charges a handling fee of PHP 30 to cover the cost of transmitting the documents to the SEC Head Office in Metro Manila.

Procedure 5. Obtain barangay clearance

Time: 1 day

Cost: PHP 150 (between PHP 100 – PHP 200)

Comments: 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. Barangay fees may depend on:

- a. the location and the area (size in square meters) of the place of business; or
- b. the company's paid-up capital and the area it occupies; or
- c. whether they issue clearance plates or certificates.

Procedure 6. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day
Cost: PHP 500

Procedure 7. Obtain the business permit application form from the City Treasurer's Office (CTO)

Time: 1 day
Cost: No cost

Procedure 8. Obtain business permit to operate from the CTO

Time: 3 days
Cost: PHP 5,143 (PHP 833.99 business tax (1/10 of 1% of paid-up capital) + PHP 1,667.98 mayor's permit fee (1/5 of 1% of paid-up capital) + PHP 200 sanitary inspection fee + PHP 500 garbage fee + PHP 100 zoning fee + PHP 1,000 occupational permit fee (assuming 10 employees at the beginning) + PHP 20 tax clearance + PHP 20 police clearance + PHP 500 business plate (new business needs plate, sticker is only issued at renewal which is PHP 50) + PHP 300.80 FSIC (10% of all other charges except business tax and occupational permit fee))

Comments: The city has a one-stop shop managed by the CTO. The applicant submits the application form and requirements to the one-stop shop and obtains an assessment of the business permit fees and taxes. Payment of the business permit fees and taxes is also made at the CTO. The applicant presents the documents for the scheduling of inspection clearances under the Joint Inspection Team (JIT). The company will also obtain the claim stub from the one-stop shop for the release of the business permit.

Procedure 9*. Obtain the real property tax clearance from the Real Property Tax License and Fees Divisions at the CTO

Time: 1 day
Cost: No cost

Comments: Assessment of the real property tax is required even if the entrepreneur is only renting the property.

Procedure 10. Buy special books of account at bookstore

Time: 1 day
Cost: PHP 400

Comments: 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.

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.

Procedure 11. Apply for Certificate of Registration (COR) and Taxpayer Identification Number (TIN) at the Bureau of Internal Revenue (BIR)

Time: 2 days
Cost: PHP 115 (PHP 100 certification + PHP 15 documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit; and
- Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 12. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day

Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 13. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day
Cost: No cost (fees included in procedure 10)

Comments: 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 14. Print receipts and invoices at the print shops

Time: 7 days
Cost: PHP 2,500 (between PHP 2,500 – PHP 3,000)

Comments: The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 15. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day
Cost: No cost

Comments: 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 16. Register with the Social Security System (SSS)

Time: 4 days
Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

Procedure 17. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and
- Copy of business permit.

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.

*This procedure can be completed simultaneously with previous procedures.

STARTING A BUSINESS

LAS PIÑAS

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC and receive pre-registered Taxpayer Identification Number (TIN)

Time: 3 days

Cost: PHP 2,665 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin)

Comments: 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:

- Company name verification slip;

- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;
- Registration data sheet with particulars on directors, officers, stockholders, and so forth;
- Written undertaking to comply with SEC reporting requirements (notarized); and
- Written undertaking to change corporate name (notarized).

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.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Procedure 6. Obtain barangay clearance

Time: 1 day

Cost: PHP 700 (between PHP 600 – PHP 1,000)

Comments: 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. Barangay fees may depend on:

- the location and the area (size in square meters) of the place of business; or
- the company's paid-up capital and the area it occupies; or
- whether they issue clearance plates or certificates.

Procedure 7. Obtain the business permit application form from the Business Permits and Licensing Office (BPLO)

Time: 1 day

Cost: No cost

Procedure 8. Proceed to the Engineering Department for assessment of the annual inspection fees

Time: 1 day

Cost: No cost (fees included in procedure 12)

Procedure 9. Obtain the locational clearance application form from the City Planning and Development Office (CPDO) and notarize locational clearance application form at the notary

Time: 1 day

Cost: PHP 100 (cost of notarization)

Comments: Requirements include the following:

- Notarized application form;
- Barangay clearance; and
- Contract of lease

Procedure 10. Obtain the locational clearance from the CPDO

Time: 1 day

Cost: No cost (fees included in procedure 12)

Procedure 11. Proceed to the Bureau of Fire Protection (BFP) for the assessment of fire inspection fee and scheduling of an inspection

Time: 1 day

Cost: PHP 1,428 (10% of regulatory fees charged by the BPLO)

Comments: The inspection from the BFP takes place after the issuance of the business permit.

Procedure 12. Obtain the business permit to operate from the BPLO

Time: 5 days

Cost: PHP 14,489 (PHP 208.5 business tax (¼ of 1/10 of 1% of paid up capital) + PHP 3,000 mayor's permit fee + PHP 8,000 garbage fee + PHP 2,000 sanitary inspection fee + PHP 500 fiscal fee + PHP 300 locational clearance + PHP 250 electrical inspection fee + PHP 150 building inspection fee + PHP 60 plumbing inspection fee + PHP 20 miscellaneous)

Comments: To obtain the business permit, the company must file the following documents at the BPLO:

- a. Filled-up application form;
- b. SEC registration;
- c. Barangay clearance;
- d. Contract of lease; and
- e. Locational clearance.

The company receives an account number at the Encoding Data Processing (EDP) Division of the City Treasurer's Office (CTO). Then the company obtains the assessment of business permit fees and taxes at the BPLO, receives the signed interview sheet and receives final approval from the BPLO Chief. The business permit fees and taxes are paid at the CTO. Inspection from the BPLO takes place after issuance of the business permit.

The city collects initial business tax for the quarter covering the period of business registration. In the succeeding quarter(s), the tax is based on the gross sales for the preceding quarter.

Procedure 13*. Present the official receipt at the Sanitation Department to obtain the sanitary permit

Time: 1 day

Cost: No cost (fees included in procedure 12)

Procedure 14. Buy special books of account at bookstore

Time: 1 day

Cost: PHP 300

Comments: 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.

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.

Procedure 15. Apply for Certificate of Registration (COR) and TIN at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 15 (documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- a. Barangay clearance;
- b. Mayor's permit; and
- c. Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 16. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day

Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 17. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost (fees included in procedure 15)

Comments: 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 purpose. 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):

- 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).

Procedure 18. Print receipts and invoices at the print shops

Time: 7 days

Cost: PHP 3,500 (between PHP 3,000 – PHP 3,800)

Comments: 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 for 10 booklets.

Procedure 19. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day

Cost: No cost

Comments: 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:

- 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.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 20. Register with the Social Security System (SSS)

Time: 3 days

Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- 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.

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.

Procedure 21. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- 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.

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.

*This procedure can be completed simultaneously with previous procedures.

STARTING A BUSINESS

MAKATI

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC and receive pre-registered Taxpayer Identification Number (TIN)

Time: 3 days

Cost: PHP 2,665 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin)

Comments: 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:

- 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 on directors, officers, stockholders, and so forth;
- h. Written undertaking to comply with SEC reporting requirements (notarized); and
- i. Written undertaking to change corporate name (notarized).

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.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Procedure 6. Obtain barangay clearance

Time: 1 day

Cost: PHP 650

Comments: 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. Barangay fees may depend on:

- a. the location and the area (size in square meters) of the place of business; or
- b. the company's paid-up capital and the area it occupies; or
- c. whether they issue clearance plates or certificates.

Procedure 7. Notarize the business permit and locational clearance application forms at the notary

Time: 1 day

Cost: PHP 200 (PHP 100 per document)

Comments: The application forms for both business permit and locational clearance may be downloaded from the Makati City website at www.makati.gov.ph.

Procedure 8. Obtain the locational clearance from the Urban Development Department–Zoning Administration Division (UDD-ZAD)

Time: 4 days

Cost: PHP 2,700 (PHP 200 filing fee + PHP 2,500 processing fee equivalent to PHP 12.50 per square meter assuming an area of 200 square meters)

Comments: To secure the locational clearance as per Ordinance-2000-78 the required documents are:

- a. Vicinity/ location map;
- b. Barangay clearance;
- c. Contract of lease;
- d. SEC registration;
- e. Occupancy permit (building/unit); and
- f. Business permit application form.

Procedure 9*. Receive inspection for the locational clearance from the UDD-ZAD

Time: 1 day

Cost: No cost

Procedure 10. Obtain the business permit to operate from the Business Permits Office (BPO)

Time: 4 days

Cost: PHP 14,304 (PHP 833.99 business tax (10% of 1% of paid up capital) + PHP 6,000 mayor's permit fee + PHP 5,400 garbage fee + PHP 600 sanitary permit fee + PHP 1,470 FSIC (10% of all regulatory charges))

Procedure 11*. Present the official receipt at the Makati Health Department (MHD) for the issuance of the sanitary permit

Time: 1 day

Cost: No cost (fees included in procedure 10)

Procedure 12. Buy special books of account at bookstore

Time: 1 day

Cost: PHP 250 (between PHP 130 - PHP 400)

Comments: 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.

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.

Procedure 13. Apply for Certificate of Registration (COR) and TIN at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 15 (documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit; and
- Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 14. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day

Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 15. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost (fees included in procedure 14)

Comments: 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 16. Print receipts and invoices at the print shops

Time: 7 days

Cost: PHP 3,500 (between PHP 3,000 - PHP 3,800)

Comments: The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 17. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day

Cost: No cost

Comments: 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 18. Register with the Social Security System (SSS)

Time: 2 days

Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

Procedure 19. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and
- Copy of business permit.

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.

*This procedure can be completed simultaneously with previous procedures.

STARTING A BUSINESS

MALABON

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC and receive pre-registered Taxpayer Identification Number (TIN)

Time: 3 days

Cost: PHP 2,665 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin)

Comments: 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;
- Registration data sheet with particulars on directors, officers, stockholders, and so forth;
- Written undertaking to comply with SEC reporting requirements (notarized); and
- Written undertaking to change corporate name (notarized).

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.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Procedure 6. Obtain barangay clearance

Time: 1 day

Cost: PHP 300 (between PHP 100 – PHP 500)

Comments: 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. Barangay fees may depend on:

- the location and the area (size in square meters) of the place of business; or
- the company's paid-up capital and the area it occupies; or
- whether they issue clearance plates or certificates.

Procedure 7. Obtain the business permit application form from the Business Permit and Licensing Office (BPLO)

Time: 1 day

Cost: No cost

Procedure 8. Obtain the locational clearance application form from the City Planning and Development Office (CPDO) and notarize locational clearance and business permit application forms at the notary

Time: 1 day

Cost: PHP 100

Procedure 9. Obtain the locational clearance from the CPDO

Time: 2 days

Cost: PHP 3,640 (PHP 40 filing fee + PHP 3,600 processing fee equivalent to PHP 18 per square meter assuming an area of 200 square meters)

Comments: Required documents for locational clearance:

- Notarized locational clearance application form;
- Contract of lease; and
- Barangay clearance.

Procedure 10*. Receive inspection for the locational clearance from the CPDO

Time: 1 day

Cost: No cost

Procedure 11. Obtain the business permit to operate from the Business Permits and Licensing Office (BPLO)

Time: 4 days

Cost: PHP 5,798 (PHP 208.5 business tax (1/4 of 1/10 of 1% of paid up capital) + PHP 600 mayor's permit fee + PHP 200 business plate + PHP 1,500 garbage fee + PHP 1,000 sanitary inspection fee + PHP 50 mayor's certification + PHP 400 building inspection fee + PHP 400 electrical inspection fee + PHP 400 plumbing inspection fee + PHP 200 sign/billboard inspection fee + PHP 839 FSIC (10% of all regulatory charges))

Comments: The applicant submits application form and requirements to the BPLO and gets an assessment of the business permit fees and taxes. The business permit fees and taxes are paid at the City Treasurer's Office. Sanitary inspection and fire fees are paid as part of the fees to be paid before issuance of the business permit but inspections for the sanitary permit and fire safety take place after issuance of the business permit.

The city collects initial business tax for the quarter covering the period of business registration. In the succeeding quarter(s), the tax is based on the gross sales for the preceding quarter.

Procedure 12*. Receive inspection from the BPLO

Time: 1 day

Cost: No cost

Comments: The inspection happens the day after the application for new business has been submitted. The business permit will be released only after the inspection has taken place.

Procedure 13. Buy special books of account at bookstore

Time: 1 day

Cost: PHP 400

Comments: 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.

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.

Procedure 14. Apply for Certificate of Registration (COR) and TIN at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 115 (PHP 100 certification + PHP 15 documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit; and
- Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 15. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day

Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 16. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost (fees included in procedure 15)

Comments: 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 17. Print receipts and invoices at the print shops

Time: 7 days

Cost: PHP 3,500 (between PHP 3,000 – PHP 3,800)

Comments: The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 18. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day

Cost: No cost

Comments: 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 19. Register with the Social Security System (SSS)

Time: 2 days

Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

Procedure 20. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and
- Copy of business permit.

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.

*This procedure can be completed simultaneously with previous procedures.

STARTING A BUSINESS

MANDALUYONG

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC and receive pre-registered Taxpayer Identification Number (TIN)

Time: 3 days

Cost: PHP 2,665 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin)

Comments: 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- 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 on directors, officers, stockholders, and so forth;
- h. Written undertaking to comply with SEC reporting requirements (notarized); and
- i. Written undertaking to change corporate name (notarized).

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.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day
Cost: PHP 500

Procedure 6. Obtain barangay clearance

Time: 1 day
Cost: PHP 500 (between PHP 100 - PHP 1,000)

Comments: 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. Barangay fees may depend on:

- a. the location and the area (size in square meters) of the place of business; or
- b. the company's paid-up capital and the area it occupies; or
- c. whether they issue clearance plates or certificates.

Procedure 7. Obtain the business permit application form from the Business Permits and Licensing Office (BPLO)

Time: 1 day
Cost: No cost

Procedure 8. Notarize the business permit application form at the notary

Time: 1 day
Cost: PHP 50

Procedure 9. Obtain the locational clearance from the City Planning and Development Office (CPDO)

Time: 2 days
Cost: PHP 885 (PHP 89 filing fee + PHP 600 equivalent to PHP 3 per square meter for commercial establishments assuming an area of 200 square meters, land use fees x 1.25 multiplier for processing fee + PHP 46.30 certificate fee)

Procedure 10*. Receive inspection for the locational clearance from the CPDO

Time: 1 day
Cost: No cost

Comments: Scheduling of the inspection would depend on the time of the year when the application is made. Scheduling tends to take longer during the peak season, which is the first quarter of the year.

Procedure 11. Obtain the business permit to operate from the BPLO

Time: 1 day
Cost: PHP 4,363 (PHP 417 business tax (½ of 1/10 of 1% of paid up capital) + PHP 1,000 mayor's permit fee + PHP 1,250 garbage fee + PHP 400 sanitary inspection fee + PHP 240 building inspection fee + PHP 290 electrical inspection + PHP 60 plumbing + PHP 111 sign/billboard fee + PHP 335.1 FSIC (10% of regulatory fees) + PHP 260 sticker and plate fee)

Comments: To obtain the business permit, the company must file the following documents at the BPLO:

- a. Duly notarized application form;
- b. Barangay clearance;

- c. Locational clearance;
- d. SEC registration;
- e. Articles of incorporation;
- f. Contract of lease;
- g. Pictures of establishment (front – showing left and right neighbors, and inside) on photo paper; and
- h. Community tax certificate.

The applicant submits application form and requirements to the BPLO and gets an assessment of business permit fees and taxes, as well as the tax order of payment. The business permit fees and taxes are paid at the City Treasurer's Office. Inspection from the BPLO takes place after issuance of the business permit.

The city collects initial business tax for the quarter covering the period of business registration. In the succeeding quarter(s), the tax is based on the gross sales for the preceding quarter.

Procedure 12. Buy special books of account at bookstore

Time: 1 day
Cost: PHP 400

Comments: 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.

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.

Procedure 13. Apply for certificate of registration (COR) and taxpayer's identification number (TIN) at the Bureau of Internal Revenue (BIR)

Time: 1 day
Cost: PHP 15 (documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- a. Barangay clearance;
- b. Mayor's permit; and
- c. Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 14. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day
Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 15. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day
Cost: No cost

Comments: 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 16. Print receipts and invoices at the print shops

Time: 7 days

Cost: PHP 3,500 (between PHP 3,000 - PHP 3,800)

Comments: 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 for 10 booklets.

Procedure 17. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day

Cost: No cost

Comments: 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 18. Register with the Social Security System (SSS)

Time: 2 days

Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

Procedure 19. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and
- Copy of business permit.

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.

*This procedure can be completed simultaneously with previous procedures.

STARTING A BUSINESS

MANDAUE

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC

Time: 5 days

Cost: PHP 2,695 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin + PHP 30 handling fee)

Comments: 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;
- Registration data sheet with particulars on directors, officers, stockholders, and so forth;
- Written undertaking to comply with SEC reporting requirements (notarized); and
- Written undertaking to change corporate name (notarized).

The SEC Extension Office charges a handling fee of PHP 30 to cover the cost of transmitting the documents to the SEC Head Office in Metro Manila.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Procedure 6. Obtain barangay clearance

Time: 1 day

Cost: PHP 300 (between PHP 50 – PHP 500)

Comments: 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. Barangay fees may depend on:

- the location and the area (size in square meters) of the place of business; or
- the company's paid-up capital and the area it occupies; or
- whether they issue clearance plates or certificates.

Procedure 7. Notarize the business permit and tax clearance application forms at the City Legal Office (CLO)

Time: 1 day

Cost: No cost

Comments: The business permit application form may be downloaded at the Mandaue City website at www.mandauecity.gov.ph.

The business permit application form is required to be notarized because the applicant makes a commitment to comply with all applicable laws, ordinances and rules and regulations.

Procedure 8. Acquire the tax clearance certificate of real property tax from the Realty Tax Division of the City Treasurer's Office (CTO)

Time: 1 day

Cost: No cost

Comments: The company still needs to get the realty tax clearance so that the Mandaue City Government can check if the owner of the land, where the company leases the office, has paid the appropriate taxes for the property. If the owner of the land/real property has unpaid realty dues, the owner of the land/real property should pay them first before the business applicant (lessee) can process his/her business permit. On the other hand, if the owner of the land/real property is cleared with all realty payments, the assigned officer at the Realty Tax Division signs the application form of the entrepreneur. The company should get the photocopy of the tax declaration of the building from the owner.

Procedure 9. Obtain the locational clearance from the City Planning and Development Office (CPDO)

Time: 1 day

Cost: PHP 770

Comments: The cost is computed based on the declared capital. The company only needs to pay the relevant fee for the locational clearance and obtain a signature from the officer at the CPDO.

Procedure 10. Obtain the business permit to operate from the Business Permits Section (BPS) of the City Administrator's Office

Time: 4 days

Cost: PHP 4,130 (PHP 417 business tax (1/20 of 1% of paid-up capital) + PHP 1,060.50 mayor's permit fee + PHP 106.05 fire certificate fee (10% of the mayor's permit fee) + PHP 825 garbage fee + PHP 181.50 public safety fee (10% of sanitary inspection fee, zoning fee and garbage fee) + PHP 440 sanitary inspection fee + PHP 550 zoning fee + PHP 550 business plate + PHP 106.05 FSIC (10% of all regulatory fees))

Comments: To obtain the business permit, the company must file the following required documents at the BPS:

- Duly notarized application form for business permit;
- SEC registration;
- Barangay clearance;
- Tax clearance certificate of real property tax;
- Locational clearance; and
- Sketch of location for site inspection.

The applicant obtains the assessment of the business permit fees and taxes and pays at the CTO. The company is given forty-five (45) days upon receipt of the business permit to submit copies of the sanitary permit, FSIC, TIN and SSS registration to the BPS.

Procedure 11. Buy special books of account at bookstore

Time: 1 day

Cost: PHP 400

Comments: 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.

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.

Procedure 12. Apply for Certificate of Registration (COR) and Taxpayer Identification Number (TIN) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit; and
- Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 13. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day

Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 14. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost

Comments: 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 15. Print receipts and invoices at the print shops

Time: 7 days

Cost: PHP 2,500 (between PHP 2,500 – PHP 3,000)

Comments: The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 16. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day

Cost: No cost

Comments: 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 17. Register with the Social Security System (SSS)

Time: 4 days

Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

Procedure 18. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and
- Copy of business permit.

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.

STARTING A BUSINESS

MANILA

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC

Time: 3 days

Cost: PHP 2,665 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin)

Comments: 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;
- Registration data sheet with particulars on directors, officers, stockholders, and so forth;
- Written undertaking to comply with SEC reporting requirements (notarized); and
- Written undertaking to change corporate name (notarized).

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.

Procedure 5. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day

Cost: PHP 4,670

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 6. Pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Procedure 7. Obtain barangay clearance

Time: 2 days

Cost: PHP 800

Comments: 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.

The fee charged by the barangay depends on the company's paid-up capital and the land area it occupies—a PHP 500 minimum plus PHP 300 for the barangay clearance plate.

Procedure 8. Obtain mayor's permit at the Licensing Section of the Mayor's Office

Time: 1 day

Cost: PHP 11,583

Comments: To obtain a business permit, the applicant submits a business transaction form (BTF) which contains vital information to process the application. The BTF is available at the Business Promotions and Development Office located at ground floor of the Manila City Hall. The applicant submits the accomplished BTF to the Bureau of Permits (BP) together with the following requirements:

- Barangay clearance;
- SEC registration;
- Public Liability Insurance (for restaurants, parlors, cinemas, malls etc);
- Authorization letter of owner with ID;
- Lease contract/tax declaration;
- SSS certification/clearance; and
- Community tax certificate.

The BP personnel encode the information in the BTF and the requirements for the processing and computation of the business permit fee, and the applicant is issued a computer-generated Business Identification Number (BIN) slip. The applicant then proceeds to the License Division of the City Treasurer's Office for computation and assessment of business tax and regulatory fees. The applicant presents the issued BIN to the licensing officer on duty, who proceeds to compute and generate the License and Regulatory Fees (LRF) form which is given to the applicant. The applicant then proceeds to the cashier and presents the issued LRF form. The cashier receives and records payment of the applicant and validates the LRF form which serves as the official receipt. The applicant then goes back to the BP and presents the validated LRF form. After verifying that payment has been made, BP personnel generate the business permit and secure the approval and signature of the BP Department Head. The business permit is released to the applicant upon approval.

Procedure 9. Buy special books of account at bookstore

Time: 1 day

Cost: PHP 400

Comments: Special books of accounts are required for registering with the Bureau of Internal Revenue (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.

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.

Procedure 10. Apply for Certificate of Registration (COR) and Taxpayer Identification Number (TIN) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration – BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Business permit; and
- Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 11. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost

Comments: The authority to print receipts or 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 the BIR for this purpose. To obtain the ATP from the BIR, the company must submit the following documents to the BIR Revenue District Office (RDO):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 12. Print receipts and invoices at the print shops

Time: 14 days

Cost: PHP 4,000

Comments: The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless. The minimum print volume is 25 booklets.

Procedure 13. Have books of accounts and Printer's Certificate of Delivery of Receipts and Invoices (PCD) stamped by the BIR

Time: 1 day

Cost: No cost

Comments: 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 14. Initial registration with the Social Security System (SSS)

Time: 7 days

Cost: No cost

Comments: Under the new single registration process, the employer is required to register with the SSS using the business registration form (BR-1). Registration with SSS automatically results in registration with the Philippine Health Insurance Company (PhilHealth), the employer is no longer required to go to PhilHealth for registration.

Based on the employer's BR-1 submission, the SSS encodes the employer details and issues the following: SSS employer number together with the employer's copy of the processed BR-1; SSS information brochure; employer identification card; and list of employer obligations and post-registration requirements.

Procedure 15. Complete registration with SSS and Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: Within thirty (30) days from the issuance of the SSS and PhilHealth employer number, the company submits the following:

To SSS:

- Employment report (Form R-1A);
- Specimen signature card (Form L-501);
- Sketch of business address; and
- Validated miscellaneous payment return form (Form R-6) or special bank receipt showing payment of the employer registration plate, if not paid upon initial registration.

To PhilHealth:

- Member registration forms for each employee with the required supporting documents.

STARTING A BUSINESS

MARIKINA

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: PHP 150

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC and receive pre-registered Taxpayer Identification Number (TIN)

Time: 3 days

Cost: PHP 2,665 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin)

Comments: 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;
- Registration data sheet with particulars on directors, officers, stockholders, and so forth;
- Written undertaking to comply with SEC reporting requirements (notarized); and
- Written undertaking to change corporate name (notarized).

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.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Procedure 6. Obtain barangay clearance

Time: 1 day

Cost: PHP 800

Comments: 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. Barangay fees may depend on:

- the location and the area (size in square meters) of the place of business; or
- the company's paid-up capital and the area it occupies; or
- whether they issue clearance plates or certificates.

Procedure 7. Obtain the business permit to operate from the Business Permits and Licensing Office (BPLO)

Time: 2 days

Cost: PHP 9,207 (PHP 2,084.98 business tax (25% of 1% paid up capital) + PHP 360 mayor's permit fee + PHP 15 signboard fee + PHP 5,400 garbage fee + PHP 700 sanitary inspection fee + PHP 647.50 FSIC (10% of all regulatory fees))

Comments: The business permit application form can be downloaded from the Marikina City website at www.city.marikina.gov.ph.

To obtain the business permit, the company must submit the following documents to the BPLO:

- Barangay clearance;
- Photos of establishment (showing signboard and sidewalk); and
- SEC registration.

The applicant submits the application form and requirements to the BPLO and gets an assessment of the business permit fees and taxes. The business permit fees and taxes are paid at the City Treasurer's Office. The business permit and business plates will be delivered to the place of business. Marikina City inspections for clearances (engineering inspection, occupational permit, police clearance, sanitary inspection and fire inspection) are conducted after the business permit has been issued but before the renewal of the business permit the following year.

Procedure 8*. Receive inspection from the BPLO

Time: 1 day

Cost: No cost

Procedure 9. Buy special books of account at bookstore

Time: 1 day

Cost: PHP 400

Comments: 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.

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.

Procedure 10. Apply for Certificate of Registration (COR) and TIN at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit; and
- Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 11. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day

Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 12. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost

Comments: 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 13. Print receipts and invoices at the print shops

Time: 7 days

Cost: PHP 1,200 (between PHP 3,000 – PHP 3,800)

Comments: The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 14. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day

Cost: No cost

Comments: 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 15. Register with the Social Security System (SSS)

Time: 5 days

Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

Procedure 16. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and
- Copy of business permit.

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.

*This procedure can be completed simultaneously with previous procedures.

STARTING A BUSINESS

MUNTINLUPA

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC and receive pre-registered Taxpayer Identification Number (TIN)

Time: 3 days

Cost: PHP 2,665 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin)

Comments: 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;

- g. Registration data sheet with particulars on directors, officers, stockholders, and so forth;
- h. Written undertaking to comply with SEC reporting requirements (notarized); and
- i. Written undertaking to change corporate name (notarized).

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.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day
Cost: PHP 500

Procedure 6. Obtain barangay clearance

Time: 1 day
Cost: PHP 600 (between PHP 500 – PHP 700)

Comments: 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. Barangay fees may depend on:

- a. the location and the area (size in square meters) of the place of business; or
- b. the company's paid-up capital and the area it occupies; or
- c. whether they issue clearance plates or certificates.

Procedure 7. Proceed to the Muntinlupa Business Center (MBC) to submit application form and requirements; and obtain endorsement from the Business Permits and Licensing Office (BPLO)

Time: 1 day
Cost: No cost

Comments: The business permit application form can be downloaded from the Muntinlupa City website at www.muntinlupacity.gov.ph.

To obtain the business permit, the company must file the following documents at the MBC:

- a. SEC registration;
- b. Articles of incorporation and by-laws;
- c. Contract of lease; and
- d. Certificate of Occupancy.

Procedure 8. Present the endorsement from the BPLO at the Bureau of Fire Protection (BFP) to obtain the Fire Safety Inspection Certificate (FSIC)

Time: 3 days
Cost: No cost (fees included in procedure 12)

Comments: The company presents the endorsement from the BPLO for the processing of the FSIC to the BFP and the employees there arrange for the date and time of inspection.

Procedure 9*. Receive inspection for the FSIC from the BFP

Time: 1 day
Cost: No cost

Comments: The BFP conducts an inspection to ensure that the requirements of the Fire Code are complied with.

Procedure 10*. Obtain approval and order of payment from the City Zoning Administration Office (CZAO)

Time: 1 day
Cost: No cost (fees included in procedure 12)

Procedure 11. Obtain stamp of approval for the Certificate of Occupancy from the Office of the Building Official (OBO)

Time: 2 days
Cost: No cost (fees included in procedure 12)

Procedure 12. Obtain the business permit to operate from the MBC

Time: 3 days
Cost: PHP 9,575 (PHP 208.50 business tax (1/4 of 1/10 of 1% of paid up capital) + PHP 2,875 mayor's permit fee + PHP 600 sanitary inspection fee + PHP 650 zoning fee + PHP 500 building fee + PHP 500 mechanical fee + PHP 240 electrical fee + PHP 140 plumbing fee + PHP 100 signboard fee + PHP 505 miscellaneous + PHP 2,400 environmental protection fee + PHP 5 processing fee + PHP 851.5 FSIC (10% of all regulatory fees))

Comments: The company must go back to the MBC-BPLO Computer Billing Section to get assessment of the business permit fees and taxes. Then the company pays for and obtains the official receipt at the MBC-Treasury Window.

Procedure 13. Buy special books of account at bookstore

Time: 1 day
Cost: PHP 400

Comments: 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.

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.

Procedure 14. Apply for Certificate of Registration (COR) and TIN at the Bureau of Internal Revenue (BIR)

Time: 2 days
Cost: PHP 15 (documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- a. Barangay clearance;
- b. Mayor's permit; and
- c. Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 15. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day
Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 16. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day
Cost: No cost

Comments: 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 17. Print receipts and invoices at the print shops

Time: 7 days

Cost: PHP 3,500 (between PHP 3,000 – PHP 3,800)

Comments: The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 18. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day

Cost: No cost

Comments: 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 19. Register with the Social Security System (SSS)

Time: 5 days

Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

Procedure 20. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and
- Copy of business permit.

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.

*This procedure can be completed simultaneously with previous procedures.

STARTING A BUSINESS

NAVOTAS

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC and receive pre-registered Taxpayer Identification Number (TIN)

Time: 3 days

Cost: PHP 2,665 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin)

Comments: 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;
- Registration data sheet with particulars on directors, officers, stockholders, and so forth;
- Written undertaking to comply with SEC reporting requirements (notarized); and
- Written undertaking to change corporate name (notarized).

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.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Procedure 6. Obtain barangay clearance

Time: 1 day

Cost: PHP 300 (between PHP 100 – PHP 500)

Comments: 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. Barangay fees may depend on:

- the location and the area (size in square meters) of the place of business; or
- the company's paid-up capital and the area it occupies; or
- whether they issue clearance plates or certificates.

Procedure 7. Obtain the business permit application form from the Business Permits and Licensing Office (BPLO)

Time: 1 day

Cost: No cost

Comments: The city has introduced a 1-page carbonized application form.

Procedure 8. Notarize the business permit application form at the notary

Time: 1 day

Cost: PHP 50

Procedure 9. Obtain the locational clearance from the City Planning and Development Office (CPDO)

Time: 1 day

Cost: PHP 800

Comments: Documentation includes:

- Locational clearance application form (does not have to be notarized);
- Barangay clearance; and
- Contract of lease.

Procedure 10*. Receive inspection from the CPDO and BPLO

Time: 1 day

Cost: No cost

Comments: The city has a joint inspection team (JIT).

Procedure 11. Get assessment of the inspection fees from the Office of the Building Official (OBO)

Time: 1 day

Cost: PHP 1,274 (PHP 640 building inspection fee + PHP 120 plumbing inspection fee + PHP 314 mechanical inspection fee + PHP 200 electrical inspection fee)

Procedure 12. Obtain the business permit to operate from the BPLO

Time: 5 days

Cost: PHP 2,816 (PHP 208.5 business tax (1/4 of 1/10 of 1% of paid up capital) + PHP 500 mayor's permit fee + PHP 750 garbage fee + PHP 10 mayor's certificate + PHP 110 signboard fee + PHP 350 business plate + PHP 35 sticker + PHP 500 sanitary permit + PHP 352.9 FSIC (10% of all regulatory fees including the engineering inspection fees))

Comments: To obtain the business permit, the company must file the following required documents at the BPLO:

- SEC registration;
- Articles of incorporation and by-laws;
- Community tax certificate;
- Barangay clearance;
- Locational clearance;
- Duly notarized contract of lease; and
- Picture and sketch of business establishment.

The city collects initial business tax for the quarter covering the period of business registration. In the succeeding quarter(s), the tax is based on the gross sales for the preceding quarter.

Procedure 13*. Proceed to the City Health Office (CHO) for the sanitary permit

Time: 1 day

Cost: No cost (fees included in procedure 11)

Comments: The company shall present the official receipt at the CHO to get the sanitary permit. There is no need for inspection.

Procedure 14. Buy special books of account at bookstore

Time: 1 day

Cost: PHP 400

Comments: 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.

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.

Procedure 15. Apply for Certificate of Registration (COR) and TIN at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 15 (documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit; and
- Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 16. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day

Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 17. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost (fees included in procedure 15)

Comments: 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 18. Print receipts and invoices at the print shops

Time: 7 days

Cost: PHP 3,500 (between PHP 3,000 – PHP 3,800)

Comments: The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 19. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR**Time:** 1 day**Cost:** No cost

Comments: 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 20. Register with the Social Security System (SSS)**Time:** 2 days**Cost:** No cost

Comments: To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

Procedure 21. Register with the Philippine Health Insurance Company (PhilHealth)**Time:** 1 day**Cost:** No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and
- Copy of business permit.

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.

*This procedure can be completed simultaneously with previous procedures.

STARTING A BUSINESS

PARAÑAQUE

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)**Time:** 1 day**Cost:** PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit**Time:** 1 day**Cost:** PHP 150

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary**Time:** 1 day**Cost:** PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC and receive pre-registered Taxpayer Identification Number (TIN)**Time:** 3 days

Cost: PHP 2,665 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin)

Comments: 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;
- Registration data sheet with particulars on directors, officers, stockholders, and so forth;
- Written undertaking to comply with SEC reporting requirements (notarized); and
- Written undertaking to change corporate name (notarized).

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.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)**Time:** 1 day**Cost:** PHP 500**Procedure 6. Obtain barangay clearance****Time:** 1 day**Cost:** PHP 500 (between PHP 400 – PHP 1,000)

Comments: 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. Barangay fees may depend on:

- the location and the area (size in square meters) of the place of business; or
- the company's paid-up capital and the area it occupies; or
- whether they issue clearance plates or certificates.

Procedure 7. Obtain the locational clearance application form from the City Planning and Development Office (CPDO) and notarize locational clearance application form at the City Legal Office (CLO)**Time:** 1 day**Cost:** PHP 50

Procedure 8. Notarize the business permit application form at the CLO**Time:** 1 day**Cost:** PHP 50**Comments:** The business permit application form can be downloaded from the Parañaque City website at www.parañaque.gov.ph.**Procedure 9. Obtain the locational clearance from the CPDO****Time:** 1 day**Cost:** PHP 4,450 (PHP 500 filing fee + PHP 15 per square meter + 25% of the payment for the area (PHP 15 X 200) + PHP 200 for certificate)**Procedure 10*. Receive inspection from CPDO****Time:** 1 day**Cost:** No cost**Procedure 11. Obtain the business permit to operate from the Business Permits and Licensing Office (BPLO)****Time:** 4 days**Cost:** PHP 5,610 (PHP 417 business tax (1/20 of 1% of capitalization) + PHP 600 mayor's permit fee + PHP 3,000 garbage fee + PHP 500 sanitary fee + PHP 50 building fee + PHP 26.60 electrical fee + PHP 60 signboard fee + PHP 29.50 plumbing fee + PHP 50 miscellaneous + PHP 876.61 FSIC (10% of all regulatory charges))**Comments:** To obtain the business permit, the company must file the following documents at the BPLO:

- SEC registration;
- Barangay clearance;
- Contract of lease;
- Photocopy of Certificate of Occupancy;
- Picture of establishment; and
- Locational clearance.

The city collects initial business tax for the quarter covering the period of business registration. In the succeeding quarter(s), the tax is based on the gross sales for the preceding quarter.

Procedure 12*. Present the official receipt at the City Health Office (CHO) to obtain the sanitary permit**Time:** 1 day**Cost:** No cost (fees included in procedure 11)**Comments:** Inspection is not required. The company is only required to get the sanitary permit after the payment of the fees and before release of business permit.**Procedure 13. Buy special books of account at bookstore****Time:** 1 day**Cost:** PHP 400**Comments:** 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.

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.

Procedure 14. Apply for Certificate of Registration (COR) and TIN at the Bureau of Internal Revenue (BIR)**Time:** 2 days**Cost:** PHP 15 (documentary stamp tax)**Comments:** The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit; and
- Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 15. Pay the registration fee and documentary stamp taxes (DST) at the AAB**Time:** 1 day**Cost:** PHP 4,670 (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)**Comments:** The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 16. Obtain the authority to print receipts and invoices from the BIR**Time:** 1 day**Cost:** No cost (fees included in procedure 15)**Comments:** 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 17. Print receipts and invoices at the print shops**Time:** 7 days**Cost:** PHP 2,100**Comments:** The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.**Procedure 18. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR****Time:** 1 day**Cost:** No cost**Comments:** 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 19. Register with the Social Security System (SSS)**Time:** 5 days**Cost:** No cost**Comments:** To register with the SSS, the company must submit the following documents:

- 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.

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.

Procedure 20. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- 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.

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.

*This procedure can be completed simultaneously with previous procedures.

STARTING A BUSINESS

PASAY

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC and receive pre-registered Taxpayer Identification Number (TIN)

Time: 3 days

Cost: PHP 2,665 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin)

Comments: 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:

- 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 on directors, officers, stockholders, and so forth;
- h. Written undertaking to comply with SEC reporting requirements (notarized); and
- i. Written undertaking to change corporate name (notarized).

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.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Procedure 6. Obtain barangay clearance

Time: 1 day

Cost: PHP 800 (between PHP 500 – PHP 2,000)

Comments: 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. Barangay fees may depend on:

- a. the location and the area (size in square meters) of the place of business; or
- b. the company's paid-up capital and the area it occupies; or
- c. whether they issue clearance plates or certificates.

Procedure 7. Obtain Fire Safety Inspection Certificate (FSIC) from the Bureau of Fire Protection (BFP)

Time: 2 days

Cost: PHP 551

Comments: The company gets an assessment of fee for FSIC and receives an order of payment from the BFP before going to the City Treasurer's Office (CTO) for the assessment of business permit fees and taxes. After the payment of fees but before the issuance of the business permit, the local Fire Marshall shall counter-sign under the BFP portion of the business permit application form.

Procedure 8*. Receive inspection for FSIC from the BFP

Time: 1 day

Cost: No cost

Comments: The BFP conducts an inspection to ensure that the requirements of the Fire Code are complied with.

Procedure 9. Obtain the business permit to operate from the Business Permits and Licensing Office (BPLO)

Time: 3 days

Cost: PHP 6,350 (PHP 417 business tax (1/2 of 1/10 of 1% of paid-up capital) + PHP 913.16 mayor's permit fee + PHP 400 office/display + PHP 500 sanitary inspection fee + PHP 2,800 garbage fee + PHP 300 signboard fee + PHP 20 police clearance + PHP 1,000 sticker/plate)

Comments: The business permit application form can be downloaded from the Pasay City website at www.pasay.gov.ph. To obtain the business permit, the company must file the following documents at the BPLO:

- a. SEC registration;
- b. Barangay clearance;
- c. Lease contract;
- d. FSIC;
- e. Certificate of Occupancy (can be borrowed from the owner of the building); and
- f. Zoning clearance (if the building has already been issued with this clearance, this is no longer needed)

The company must proceed to the BPLO to submit the application form and requirements, get approval of the application and obtain the business account number (BAN). Then the company goes to the CTO for the assessment of the business fees and taxes, pays at the Teller Division and obtains an official receipt.

The city collects initial business tax for the quarter covering the period of business registration. In the succeeding quarter(s), the tax is based on the gross sales for the preceding quarter.

Procedure 10. Buy special books of account at bookstore

Time: 1 day

Cost: PHP 400

Comments: 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.

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.

Procedure 11. Apply for Certificate of Registration (COR) and TIN at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 30 (PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit; and
- Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 12. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day

Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 13. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost

Comments: 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 14. Print receipts and invoices at the print shops

Time: 7 days

Cost: PHP 2,000

Comments: The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 15. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day

Cost: No cost

Comments: 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 16. Register with the Social Security System (SSS)

Time: 5 days

Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

Procedure 17. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and
- Copy of business permit.

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.

*This procedure can be completed simultaneously with previous procedures.

STARTING A BUSINESS

PASIG

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: PHP 100

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC and receive pre-registered Taxpayer Identification Number (TIN)

Time: 3 days

Cost: PHP 2,665 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin)

Comments: 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;
- Registration data sheet with particulars on directors, officers, stockholders, and so forth;
- Written undertaking to comply with SEC reporting requirements (notarized); and
- Written undertaking to change corporate name (notarized).

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.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Procedure 6. Obtain barangay clearance

Time: 1 day

Cost: PHP 500

Comments: 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. Barangay fees may depend on:

- the location and the area (size in square meters) of the place of business; or
- the company's paid-up capital and the area it occupies; or
- whether they issue clearance plates or certificates.

Procedure 7. Obtain the business permit application form from the Business Permits and Licensing Office (BPLO)

Time: 1 day

Cost: No cost

Procedure 8. Notarize the business permit application form at the notary

Time: 1 day

Cost: PHP 50

Procedure 9. Proceed to the Office of the Building Official (OBO) to get the assessment of the building and plumbing inspection fees

Time: 1 day

Cost: No cost (fees included in procedure 11)

Procedure 10. Proceed to the Electrical and Mechanical Section (EMS) to get the assessment of the electrical and mechanical inspection fees

Time: 1 day

Cost: No cost (fees included in procedure 11)

Procedure 11. Obtain the business permit to operate from the BPLO

Time: 7 days

Cost: PHP 8,860 (PHP 208.5 business tax (1/4 of 1/10 of 1% of capitalization) + PHP 1,000 mayor's permit fee + PHP 200 business plate registration fee + PHP 300 sanitary inspection fee + PHP 800 environmental permit + PHP 45 signage fee + PHP 1,000 personnel fee + PHP 680 building and plumbing inspection fees + PHP 3,840 electrical and mechanical inspection fees + PHP 786.5 FSIC (10% of all regulatory charges))

Comments: The company gets the assessment of the business permit fees and taxes and obtains the printed tax order of payment from the Electronic Data Processing unit of the BPLO. Then the company proceeds to the City Treasurer's Office (CTO) to secure final approval of the tax order of payment and pay business permit fees and taxes at the cashier.

To obtain the business permit, the company must file the following documents at the BPLO:

- SEC registration;
- Duly accomplished and notarized application form;
- Barangay clearance;
- Community tax certificate;
- Contract of lease and Mayor's permit of lessor or sub-lessor;
- Sketch of location of establishment; and
- Fire safety inspection certificate.

The city collects initial business tax for the quarter covering the period of business registration. In the succeeding quarter(s), the tax is based on the gross sales for the preceding quarter.

Procedure 12*. Proceed to the Health Department to present the official receipt and obtain the sanitary permit

Time: 1 day

Cost: No cost (fees included in procedure 11)

Comments: After paying the fees but before obtaining the business permit, the company presents the official receipt at the Health Department to get the temporary sanitary permit. The permanent permit is issued after inspection of the business establishment and within 15 days upon issuance of the business permit. No inspection is conducted for simple businesses.

Procedure 13*. Proceed to the City Environment and Natural Resource Office (City ENRO) for the environmental permit**Time:** 1 day**Cost:** No cost (fees included in procedure 11)

Comments: After paying fees but before obtaining the business permit, the company presents the official receipt at City ENRO to get the temporary environmental permit. The permanent permit is issued after inspection of the business establishment and within 15 days upon issuance of the business permit.

Procedure 14*. Proceed to the Bureau of Fire Protection (BFP) for the temporary Fire Safety Inspection Certificate (FSIC)**Time:** 1 day**Cost:** No cost (fees included in procedure 11)

Comments: After the payment of fees but before the issuance of the business permit, the company presents the official receipt at the BFP to get the temporary FSIC. The permanent FSIC is issued after inspection of the business establishment and within 15 days upon issuance of the business permit.

Procedure 15. Buy special books of account at bookstore**Time:** 1 day**Cost:** PHP 400

Comments: 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.

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.

Procedure 16. Apply for Certificate of Registration (COR) and TIN at the Bureau of Internal Revenue (BIR)**Time:** 2 days**Cost:** PHP 15 (documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- a. Barangay clearance;
- b. Mayor's permit; and
- c. Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 17. Pay the registration fee and documentary stamp taxes (DST) at the AAB**Time:** 1 day

Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 18. Obtain the authority to print receipts and invoices from the BIR**Time:** 1 day**Cost:** No cost

Comments: 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 purpose. 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):

- 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).

Procedure 19. Print receipts and invoices at the print shops**Time:** 7 days**Cost:** PHP 3,500

Comments: The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 20. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR**Time:** 1 day**Cost:** No cost

Comments: 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:

- 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.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 21. Register with the Social Security System (SSS)**Time:** 3 days**Cost:** No cost

Comments: To register with the SSS, the company must submit the following documents:

- 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.

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.

Procedure 22. Register with the Philippine Health Insurance Company (PhilHealth)**Time:** 1 day**Cost:** No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- 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.

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.

*This procedure can be completed simultaneously with previous procedures.

STARTING A BUSINESS

QUEZON CITY

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Date as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC and receive pre-registered Taxpayer Identification Number (TIN)

Time: 3 days

Cost: PHP 2,665 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin)

Comments: 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;
- Registration data sheet with particulars on directors, officers, stockholders, and so forth;
- Written undertaking to comply with SEC reporting requirements (notarized); and
- Written undertaking to change corporate name (notarized).

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.

Procedure 5. Obtain barangay clearance

Time: 1 day

Cost: PHP 500 (between PHP 0 – PHP 600)

Comments: 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. Barangay fees may depend on:

- the location and the area (size in square meters) of the place of business; or
- the company's paid-up capital and the area it occupies; or
- whether they issue clearance plates or certificates.

Procedure 6. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Procedure 7. Obtain the business permit application form from the Business Permits and Licensing Office (BPLO)

Time: 1 day

Cost: No cost

Procedure 8. Obtain the business permit to operate from the BPLO

Time: 6 days

Cost: PHP 4,939 (PHP 2,084.98 business tax (25% of 1% of paid-up capital) + PHP 200 mayor's permit + PHP 150 sanitary inspection fee + PHP 50 signboard fee + PHP 250 business plate + PHP 100 QCBRB + PHP 545 zoning clearance + PHP 1,300 garbage fee + PHP 259.5 FSIC (10% of all regulatory fees))

Comments: To obtain the business permit, the company must file the following documents at the BPLO:

- SEC registration;
- Barangay clearance;
- Locational clearance; and
- FSIC.

The company submits application form and requirements at the BPLO, secures evaluation and obtains the claim stub for the processed documents date. Then the company proceeds to the City Treasurer's Office (CTO) to get the assessment of the business permit fees and taxes and pay at the CTO's taxpayer's lounge. The locational clearance should be accomplished ninety (90) days after the issuance of the business permit; no inspection is needed. Inspection from the BPLO takes place after issuance of the business permit.

The city collects initial business tax for the quarter covering the period of business registration. In the succeeding quarter(s), the tax is based on the gross sales for the preceding quarter.

Procedure 9. Buy special books of account at bookstore

Time: 1 day

Cost: PHP 400

Comments: 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.

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.

Procedure 10. Apply for Certificate of Registration (COR) and TIN at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 115 (PHP 1,000 certification fee + PHP 15 documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit; and

c. Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 11. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day

Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 12. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost (fees included in procedure 11)

Comments: 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 13. Print receipts and invoices at the print shops

Time: 7 days

Cost: PHP 3,500 (between PHP 3,000 – PHP 3,800)

Comments: The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 14. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day

Cost: No cost

Comments: 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 15. Register with the Social Security System (SSS)

Time: 7 days

Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

Procedure 16. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and
- Copy of business permit.

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.

STARTING A BUSINESS

SAN JUAN

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC and receive pre-registered Taxpayer Identification Number (TIN)**Time:** 3 days**Cost:** PHP 2,665 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin)**Comments:** 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;
- Registration data sheet with particulars on directors, officers, stockholders, etc.;
- Written undertaking to comply with SEC reporting requirements (notarized); and
- Written undertaking to change corporate name (notarized).

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.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)**Time:** 1 day**Cost:** PHP 500**Procedure 6. Obtain barangay clearance****Time:** 1 day**Cost:** PHP 500**Comments:** 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. Barangay fees may depend on:

- the location and the area (size in square meters) of the place of business; or
- the company's paid-up capital and the area it occupies; or
- whether they issue clearance plates or certificates.

Procedure 7. Request preliminary assessment of business permit fees and taxes from the City Treasurer's Office (CTO)**Time:** 1 day**Cost:** No cost**Procedure 8. Obtain the locational clearance application form from the City Planning and Development Office (CPDO) and notarize the locational clearance and business permit application forms at the notary****Time:** 1 day**Cost:** PHP 100**Comments:** The business permit application form is downloadable in the city's website.**Procedure 9. Obtain the locational clearance from the CPDO****Time:** 3 days**Cost:** PHP 2,800 (PHP 2,000 equivalent to PHP 10 per square meter assuming an area of 200 square meters x 1.25 processing fee + PHP 100 application fee + PHP 200 certificate fee)**Comments:** The company must submit the following documents:

- SEC registration;
- Barangay clearance;
- Contract of lease; and
- Application form from the BPLO.

Procedure 10*. Receive inspection for the locational clearance from the CPDO**Time:** 1 day**Cost:** No cost**Procedure 11. Obtain the Fire Safety Inspection Certificate (FSIC) from the Bureau of Fire Protection (BFP)****Time:** 3 days**Cost:** No cost (fees included in procedure 13)**Comments:** The FSIC fee is being assessed at the BPLO and paid at the CTO.**Procedure 12*. Receive inspection for the FSIC from the BFP****Time:** 1 day**Cost:** No cost**Comments:** The BFP conducts an inspection to ensure that the requirements of the Fire Code are complied with.**Procedure 13. Obtain the business permit to operate from the BPLO****Time:** 3 days**Cost:** PHP 6,106 (PHP 4,169.97 annual business tax (1/2 of 1% of paid-up capital) + PHP 750 mayor's permit fee + PHP 720 garbage fee + PHP 240 sanitary inspection fee + PHP 50 signboard fee + PHP 176 FSIC (10% of regulatory fees))**Comments:** To obtain the mayor's business permit, the company must file the following documents at the BPLO:

- SEC registration;
- Barangay clearance;
- Locational clearance;
- Fire clearance; and
- Picture of establishment.

The city collects initial business tax for the quarter covering the period of business registration. In the succeeding quarter(s), the tax is based on the gross sales for the preceding quarter.

Procedure 14. Buy special books of account at bookstore**Time:** 1 day**Cost:** PHP 400**Comments:** 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.

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.

Procedure 15. Apply for Certificate of Registration (COR) and TIN at the Bureau of Internal Revenue (BIR)**Time:** 2 days**Cost:** PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)**Comments:** The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit; and
- Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 16. Pay the registration fee and documentary stamp taxes (DST) at the AAB**Time:** 1 day**Cost:** PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 17. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost

Comments: 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 18. Print receipts and invoices at the print shops

Time: 7 days

Cost: PHP 3,500 (between PHP 3,000 – PHP 3,800)

Comments: The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 19. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day

Cost: No cost

Comments: 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 20. Register with the Social Security System (SSS)

Time: 6 days

Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

Procedure 21. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and
- Copy of business permit.

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.

*This procedure can be completed simultaneously with previous procedures.

STARTING A BUSINESS

TAGUIG

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC and receive pre-registered Taxpayer Identification Number (TIN)

Time: 3 days

Cost: PHP 2,665 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin)

Comments: 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;
- Registration data sheet with particulars on directors, officers, stockholders, etc.;
- Written undertaking to comply with SEC reporting requirements (notarized); and

i. Written undertaking to change corporate name (notarized).

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.

Procedure 5. Obtain barangay clearance

Time: 1 day

Cost: PHP 500

Comments: 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. Barangay fees may depend on:

- the location and the area (size in square meters) of the place of business; or
- the company's paid-up capital and the area it occupies; or
- whether they issue clearance plates or certificates.

Procedure 6. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: In Taguig, the community tax certificate is not a requirement for obtaining the barangay clearance. The City has passed an ordinance setting a ceiling for barangay clearance fees for all barangays under its jurisdiction.

Procedure 7. Notarize the business permit application form at the notary

Time: 1 day

Cost: PHP 50

Comments: Business permit application form is downloadable from the city's website.

Procedure 8. Obtain the business permit to operate from the Customer Service Counter of the Business Permits and Licensing Office (BPLO)

Time: 2 days

Cost: PHP 6,426 (PHP 208.5 business tax (1/4 of 1/10 of 1% of paid-up capital) + PHP 500 environmental impact fee + PHP 2,500 mayor's permit + PHP 500 sanitary inspection fee + PHP 10 medical/health fees + PHP 400 building inspection fee + PHP 400 electrical inspection fee + PHP 250 plumbing inspection fee + PHP 500 mechanical inspection fee + PHP 200 fire inspection fee + PHP 150 business plate/sticker + PHP 260 signboard + PHP 547 FSIC (10% of all regulatory charges))

Comments: The company must file the following documents at the BPLO:

- SEC registration;
- Duly notarized application form;
- Barangay clearance;
- Corporate community tax (Cedula);
- Contract of lease;
- Insurance (comprehensive general liability);
- Location sketch; and
- Photocopy of Certificate of Occupancy (obtained from the owner of the building).

Once the documents are filled, the officer at the Customer Service Counter forwards the forms to the following offices: (1) the BPLO for the assessment of fees and tax order of payment; and (2) the Health Department for calculation of sanitary inspection fee.

The city collects initial business tax for the quarter covering the period of business registration. In the succeeding quarter(s), the tax is based on the gross sales for the preceding quarter.

Inspection from the BPLO takes place after issuance of the business permit.

Procedure 9. Buy special books of account at bookstore

Time: 1 day

Cost: PHP 400

Comments: 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.

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.

Procedure 10. Apply for Certificate of Registration (COR) and TIN at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit; and
- Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 11. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day

Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 12. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost

Comments: 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 13. Print receipts and invoices at the print shops

Time: 7 days

Cost: PHP 3,500 (between PHP 2,500 - PHP 3,500)

Comments: The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 14. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day

Cost: No cost

Comments: 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 15. Register with the Social Security System (SSS)

Time: 3 days

Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

Procedure 16. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and
- Copy of business permit.

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.

STARTING A BUSINESS

VALENZUELA

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC and receive pre-registered Taxpayer Identification Number (TIN)

Time: 3 days

Cost: PHP 2,665 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin)

Comments: 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;
- Registration data sheet with particulars on directors, officers, stockholders, and so forth;
- Written undertaking to comply with SEC reporting requirements (notarized); and
- Written undertaking to change corporate name (notarized).

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.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Procedure 6. Obtain barangay clearance

Time: 1 day

Cost: PHP 300 (between PHP 200 – PHP 500)

Comments: 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. Barangay fees may depend on:

- the location and the area (size in square meters) of the place of business; or
- the company's paid-up capital and the area it occupies; or
- whether they issue clearance plates or certificates.

Procedure 7. Notarize business permit application form at the notary

Time: 1 day

Cost: PHP 100

Comments: Business permit application form is downloadable from the city's website.

Procedure 8. Obtain the business permit to operate from the BPLO

Time: 4 days

Cost: PHP 4,296 (PHP 600 business tax (½ of the mayor's permit and garbage fees) + PHP 600 mayor's permit fee + PHP 600 garbage fee + PHP 300 peace and order fund + PHP 100 plate/sticker + PHP 400 sanitary inspection fee + PHP 450 local clearance + PHP 910 engineering fees + PHP 336 FSIC (10% of all regulatory charges))

Comments: The applicant submits the following requirements to the BPLO:

- Duly accomplished business permit application form;
- Lease contract;
- Barangay clearance;
- Community tax certificate;
- SEC registration and articles of incorporation; and
- Sketch of business location.

Assessment of all fees is done at the BPLO. Upon payment of the fees at City Treasurer's Office (CTO), the applicant goes back to BPLO to submit all the forms and the receipt of payment. BPLO staff then deliver copies of the application form to concerned departments, who will conduct the appropriate inspections after the business permit is released. The applicant must comply with all the requirements within 15 days from the issuance of the business permit.

The city collects initial business tax for the quarter covering the period of business registration. In the succeeding quarter(s), the tax is based on the gross sales for the preceding quarter.

Procedure 9. Buy special books of account at bookstore

Time: 1 day

Cost: PHP 400

Comments: 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.

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.

Procedure 10. Apply for Certificate of Registration (COR) and TIN at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 15 (documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit; and
- Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 11. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day

Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 12. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost (fees included in procedure 10)

Comments: 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 13. Print receipts and invoices at the print shops

Time: 7 days

Cost: PHP 3,500 (between PHP 3,000 – PHP 3,800)

Comments: 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 for 10 booklets.

Procedure 14. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day

Cost: No cost

Comments: 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:

- All required books of accounts;
- VAT registration certificate;
- SEC registration;
- BIR Form W-5;
- Certified photocopy of the ATP; and
- Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 15. Register with the Social Security System (SSS)

Time: 5 days

Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

Procedure 16. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and

e. Copy of business permit.

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.

STARTING A BUSINESS

ZAMBOANGA CITY

Standard company legal form: Corporation

Paid-in minimum capital requirement: PHP 5,000 = USD 107

Data as of: June 2010

Procedure 1. Verify and reserve the company name with the Securities and Exchange Commission (SEC)

Time: 1 day

Cost: PHP 40

Comments: The company can verify the availability of the company name online. Verification is free but reservation of the name, once approved by the SEC, costs PHP 40 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.

Procedure 2. Deposit paid-up capital in the Authorized Agent Bank (AAB) and obtain bank certificate of deposit

Time: 1 day

Cost: No cost

Comments: 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 charge a fee for issuance of the certificate of deposit.

Procedure 3. Notarize articles of incorporation and treasurer's affidavit at the notary

Time: 1 day

Cost: PHP 500

Comments: According to Sections 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC.

Procedure 4. Register the company with the SEC

Time: 3 days

Cost: PHP 2,695 (PHP 1,667.99 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 16.68 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 STB + PHP 10 registration for SEC bulletin + PHP 30 handling fee)

Comments: 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:

- Company name verification slip;
- Articles of incorporation (notarized) and by-laws;
- Treasurer's affidavit (notarized);
- Statement of assets and liabilities;
- Bank certificate of deposit of the paid-in capital;
- Authority to verify the bank account;
- Registration data sheet with particulars on directors, officers, stockholders, and so forth;
- Written undertaking to comply with SEC reporting requirements (notarized); and
- Written undertaking to change corporate name (notarized).

The SEC Extension Office charges a handling fee of PHP 30 to cover the cost of transmitting the documents to the SEC Head Office in Metro Manila.

Procedure 5. After issuance of the SEC certificate of incorporation, pay the annual community tax and obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Procedure 6. Obtain barangay clearance

Time: 1 day

Cost: PHP 50 (between PHP 20 – PHP 100)

Comments: 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. Barangay fees may depend on:

- the location and the area (size in square meters) of the place of business; or
- the company's paid-up capital and the area it occupies; or
- whether they issue clearance plates or certificates.

Procedure 7. Obtain application form from the Business Permits and Licensing Division (BPLD)

Time: 1 day

Cost: No cost

Comments: The applicant must approach a licensing officer at the BPLD to obtain an application form. The licensing officer interviews the applicant about the intended business before proceeding to issue the form.

Procedure 8. Obtain Fire Safety Inspection Certificate (FSIC) at the Bureau of Fire Protection (BFP)

Time: 2 days

Cost: No cost (fees included in procedure 12)

Procedure 9*. Obtain police clearance at the Philippine National Police of Zamboanga City

Time: 1 day

Cost: No cost (fees included in procedure 12)

Procedure 10*. Obtain locational clearance from the City Planning and Development Office

Time: 2 days

Cost: No cost (fees included in procedure 12)

Procedure 11*. Obtain sanitary permit from the City Health Office

Time: 1 day

Cost: No cost (fees included in procedure 12)

Procedure 12. Obtain business permit to operate from the BPLD

Time: 1 day

Cost: PHP 3,552 (PHP 417 business tax (1/20 of 1% paid up capital) + PHP 50 mayor's permit fee + PHP 300 garbage fee + PHP 2,000 locational clearance + PHP 50 health certificate fee + PHP 100 sanitary inspection fee + PHP 50 police clearance + PHP 300 business plate and sticker + PHP 285 FSIC (10% of all regulatory fees))

Comments: Assessment of fees and payment of these are done at the City Treasurer's Office.

Procedure 13. Buy special books of account at bookstore

Time: 1 day

Cost: PHP 400

Comments: 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.

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.

Procedure 14. Apply for Certificate of Registration (COR) and Taxpayer Identification Number (TIN) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The company must register each type of internal revenue tax for which it is obligated by filing BIR Form No. 0605 and paying the annual registration fee of PHP 500. Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit; and
- Copy of its SEC registration.

For company registrations filed with the SEC Head Office in Metro Manila, the BIR confirms the pre-registered TIN issued by the SEC.

New taxpayers are required to attend a seminar.

Procedure 15. Pay the registration fee and documentary stamp taxes (DST) at the AAB

Time: 1 day

Cost: PHP 4,670 (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)

Comments: The company must pay DST on the original issuance of shares of stock. The rate is PHP 1 on each PHP 200 or a fractional part thereof, of the par value of such shares of stock. This payment with the BIR should be made on the 5th of the month following registration with the SEC.

The COR will be released only after all the DSTs are paid.

The company must also pay DST on its lease contract at the rate of PHP 3 for the first PHP 2,000 or fractional part thereof, and an additional PHP 1 for every PHP 1,000 or fractional part thereof in excess of the first PHP 2,000 for each year of the lease as stated in the contract.

Procedure 16. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost

Comments: 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 purpose. 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):

- Duly completed application for authority to print receipts and invoices (BIR Form No. 1906);
- Job order;
- Final and clear sample of receipts and invoices (machine-printed);
- Application for registration (BIR Form No. 1903); and
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 17. Print receipts and invoices at the print shops

Time: 5 days

Cost: PHP 1,600

Comments: The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 1/2 x 5 1/2 cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 18. Have books of accounts and Printer's Certificate of Delivery (PCD) stamped by the BIR

Time: 1 day

Cost: No cost

Comments: 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:

- All required books of accounts;
- VAT registration certificate;
- 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.

The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.

Procedure 19. Register with the Social Security System (SSS)

Time: 2 days

Cost: No cost

Comments: To register with the SSS, the company must submit the following documents:

- Employer registration form (Form R-1);
- Employment report (Form R-1A);
- List of employees, specifying their birth dates, positions, monthly salary and date of employment; and
- Articles of incorporation, by-laws and SEC registration.

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.

Procedure 20. Register with the Philippine Health Insurance Company (PhilHealth)

Time: 1 day

Cost: No cost

Comments: To register with PhilHealth, the company must submit the following documents:

- Employer data record (Form ER1);
- Report of employee-members (Form ER2);
- SEC registration;
- BIR registration; and
- Copy of business permit.

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.

*This procedure can be completed simultaneously with previous procedures.

LIST OF PROCEDURES

Dealing with construction permits

BATANGAS CITY

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain lot plan with site map from the geodetic engineer

Time: 3 days

Cost: PHP 1,500

Comments: The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.

Procedure 2*. Obtain barangay clearance

Time: 1 day

Cost: PHP 100

Comments: The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.

Procedure 3. Apply for the locational clearance at the City Planning and Development Office (CPDO)

Time: 1 day

Cost: No cost

Comments: The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- a. Notarized locational clearance application form;
- b. Barangay clearance;
- c. Transfer Certificate of Title (TCT);
- d. Latest real property tax receipt; and
- e. Architectural plan.

The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

Procedure 4*. Notarize the locational clearance application form at the notary

Time: 1 day

Cost: PHP 200

Procedure 5. Receive inspection for the locational clearance from the CPDO

Time: 1 day

Cost: No cost

Procedure 6. Obtain the locational clearance from the CPDO

Time: 1 day

Cost: PHP 78,800 (PHP 200 land use certification fee + PHP 1,000 for the first PHP 50,000 of the project cost and PHP 200 for every additional PHP 50,000 or a fraction thereof)

Comments: The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.

Procedure 7*. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)

Time: 3 days

Cost: PHP 19,500 (0.1% of estimated project cost)

Comments: The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

The City Fire Marshall evaluates one set of plans and specifications submitted by the applicant to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 8. Apply and obtain the building permit and ancillary permits at the City Engineering Office-Building Permit Division (CEO-BPD)

Time: 23 days

Cost: PHP 35,123 (first 500 square meters x PHP 23 + next 100 square meters x PHP 22 + next 100 square meters x PHP 20.50 + next 100 square meters x PHP 19.50 + next 100 square meters x PHP 18 + next 100 square meters x PHP 17 + next 301 square meters x PHP 16 for a total of PHP 26,016.

Ancillary fees are estimated at PHP 7 per square meter)

Comments: The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- a. Photocopy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- b. Photocopy of tax declaration;

- c. Current real property tax receipt;
- d. Building permit application form;
- e. Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies);
- f. Locational clearance from the UDD; and
- g. FSEC.

After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.

Procedure 9. Receive inspection from the CEO-BPD during construction

Time: 1 day

Cost: No cost

Comments: During the construction of the warehouse, the CEO-BPD conducts an inspection to ensure that the construction follows the approved building plans and design.

Procedure 10. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the CEO-BPD

Time: 1 day

Cost: No cost

Comments: In applying for a Certificate of Occupancy, the applicant must submit the following to the CEO-BPD:

- a. Certificate of completion for mechanical;
- b. Original logbook signed and sealed by Engineer-in-Charge of construction;
- c. As-built plan signed and sealed by Engineer-in-Charge in case;
- d. Electrical plan/sketch duly signed and sealed by Professional Electrical Engineer; and
- e. Insulation/Merger test result for electrical works.

Requirements for CFEI:

- a. Duly accomplished electrical permit application form;
- b. Tax declaration/TCT; and
- c. Current tax receipt.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the CEO-BPD and the provisions of the Philippine Electrical Code.

Procedure 11. Obtain zoning and land use compliance from the CPDO

Time: 2 days

Cost: PHP 4,390

Comments: This clearance confirms that the warehouse has complied with the issued locational clearance.

Procedure 12*. Receive inspection for the zoning and land use compliance from CPDO

Time: 1 day

Cost: No cost

Procedure 13*. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP

Time: 1 day

Cost: PHP 3,912 (10% of building permit fees + PHP 400 inspection fee)

Comments: Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 14*. Receive final inspection for the FSIC from the BFP

Time: 1 day

Cost: No cost

Procedure 15*. Obtain the FSIC from the BFP

Time: 3 days
Cost: No cost

Procedure 16*. Receive final inspection for the Certificate of Occupancy and CFEI from the CEO-BPD

Time: 1 day
Cost: No cost

Comments: The CEO-BPD conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.

Procedure 17. Obtain the Certificate of Occupancy and CFEI from the CEO-BPD

Time: 7 days

Cost: PHP 19,400 (PHP 1,000 for first PHP 1,200,000 of the project value; PHP 1,000 for every million in excess thereof; PHP 400 for the last PHP 150,000 - PHP 300,000)

Comments: After the CEO-BPD has processed the application and conducted the inspection, it then issues an assessment and order of payment. The CEO-BPD issues the Certificate of Occupancy after the applicant has paid the corresponding fees.

Procedure 18. Apply for electricity connection at Manila Electric Company (Meralco)

Time: 1 day
Cost: No cost

Comments: The electric company is Meralco. The company visits Meralco Batangas City Branch to request the connection and submit the CFEI and electrical plans. Meralco conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection.

Procedure 19. Receive inspection for electricity connection from Meralco

Time: 1 day
Cost: No cost

Procedure 20. Obtain electricity connection from Meralco

Time: 35 days

Cost: PHP 564,490 (PHP 35,000 for poles + PHP 334,400 for two 75 kVA transformers + PHP 44,000 for dressings + PHP 6,700 for guying + PHP 144,390 for security deposit)

Procedure 21*. Apply for water connection at Batangas City Water District (BCWD)

Time: 1 day
Cost: No cost

Comments: The applicant must submit the following documents: location of establishment and nature of business, barangay clearance, Special Power of Attorney for authorized company representative to sign the contract, and photocopy of valid ID of authorized person.

Procedure 22*. Receive inspection for water connection from BCWD

Time: 1 day
Cost: No cost

Procedure 23*. Obtain water connection from BCWD

Time: 7 days

Cost: PHP 60,508 (PHP 9,508 cost of materials + PHP 3,000 service connection charge + PHP 3,000 excavation fee + PHP 45,000 water meter maintenance fee)

Comments: To ensure quality, BCWD provides the materials for installation. BCWD charges a water meter maintenance fee of PHP 45,000 to keep the pipes and facilities safe and properly working.

Procedure 24*. Obtain telephone connection from the telephone company

Time: 8 days
Cost: No cost

Comments: There are three telephone companies providing landline services in Batangas City. The cost is PHP 1,500 for Philippine Long Distance Co. (PLDT), and PHP 999 for Bayantel. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the three providers. The case study assumes that the company will request services from Globelines as this is the option most favorable to the company.

Procedure 25*. Apply for the tax declaration of improvement at the City Assessor's Office (CAO)

Time: 1 day

Cost: No cost

Comments: The company must update its official records to include the newly built warehouse for tax purposes. The CEO-BPD furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.

Procedure 26*. Receive inspection from the Appraiser of CAO

Time: 1 day

Cost: No cost

Procedure 27*. Obtain the tax declaration of improvement from the CAO

Time: 5 days

Cost: No cost

Comments: The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

CAGAYAN DE ORO

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)

Time: 5 days

Cost: PHP 160 (PHP 30 for the certification + PHP 6 for each additional page (4 pages needed) + PHP 112 IT fee)

Comments: The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain certified true copy of the tax declaration of real property from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 40

Comments: The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.

Procedure 3*. Obtain lot plan with site map from the geodetic engineer

Time: 3 days

Cost: PHP 1,000

Comments: The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.

Procedure 4*. Obtain barangay construction clearance

Time: 1 day

Cost: PHP 628

Comments: The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.

Procedure 5. Apply for the building permit and ancillary permits at the Office of the Building Official (OBO)**Time:** 1 day**Cost:** No cost**Comments:** The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- Certified true copy of Original Certificate of Title (OCT)/Transfer Certificate of Title (TCT) on file with the Registry of Deeds;
- Tax declaration;
- Current real property tax receipt;
- Building permit application form;
- Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- Locational clearance from the City Planning and Development Office (CPDO).

Procedure 6. Apply for the locational clearance from the City Planning and Development Office (CPDO)**Time:** 1 day**Cost:** No cost**Comments:** The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- Notarized locational clearance application form;
- Barangay clearance;
- TCT;
- Latest real property tax receipt; and
- Architectural plan.

Procedure 7. Notarize the locational clearance application form at the notary**Time:** 1 day**Cost:** PHP 100**Procedure 8. Receive inspection for the locational clearance from the CPDO****Time:** 1 day**Cost:** No cost**Procedure 9. Obtain the locational clearance from the CPDO****Time:** 4 days**Cost:** No cost (fees included in Procedure 12)**Comments:** The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.**Procedure 10*. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)****Time:** 7 days**Cost:** PHP 19,500 (0.1% of estimated project cost)**Comments:** The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 11. Submit one set of building plans to CAO for filing**Time:** 1 day**Cost:** No cost**Procedure 12. Obtain the building permit from the OBO****Time:** 21 days**Cost:** PHP 59,418 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees, plus cost of locational clearance computed at PHP 1,000 + 0.1% in excess of PHP 100,000 (project cost))**Comments:** After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.**Procedure 13. Receive inspection from the OBO during construction****Time:** 1 day**Cost:** No cost (fees included in procedure 12)**Comments:** During the construction of the warehouse, the OBO conducts an inspection to ensure that the construction follows the approved building plans and design.**Procedure 14. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) from the OBO****Time:** 1 day**Cost:** No cost**Comments:** In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- Application for the Certificate of Occupancy;
- Duly notarized certificate of completion;
- Construction logbook;
- As-built plans and specifications; and
- Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.

Procedure 15. Apply for the tax declaration of improvement at the CAO**Time:** 1 day**Cost:** No cost**Comments:** The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.**Procedure 16. Receive inspection from the Appraiser of CAO****Time:** 1 day**Cost:** No cost**Procedure 17. Obtain the tax declaration of improvement from the CAO****Time:** 1 day**Cost:** No cost**Comments:** The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.**Procedure 18*. Obtain zoning compliance from the CPDO****Time:** 1 day**Cost:** No cost**Comments:** This clearance is to confirm that the warehouse has complied with the issued locational clearance and approved setbacks.

Procedure 19*. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP**Time:** 1 day**Cost:** PHP 1,900 (10% of total fees of the certificate of occupancy)

Comments: Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 20*. Receive final inspection for the FSIC from the BFP**Time:** 1 day**Cost:** No cost**Procedure 21*. Obtain the FSIC from the BFP****Time:** 1 day**Cost:** No cost**Procedure 22*. Receive final inspection for the Certificate of Occupancy and CFEI from the OBO****Time:** 1 day**Cost:** No cost

Comments: The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.

Procedure 23. Obtain the Certificate of Occupancy and CFEI from the OBO**Time:** 8 days**Cost:** PHP 19,000 (PHP 1,000 per PHP 1,000,000; the excess has no cost)

Comments: After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.

Procedure 24. Apply for electricity connection at Cagayan de Oro Electric Power and Light Company (CEPALCO)**Time:** 1 day**Cost:** No cost

Comments: The applicant submits a letter of application, the CFEI and electrical plans. Two options are available: 1. Customer supplies the transformer/lines/pole (assuming a 34.5kV primary distribution line) or 2. The applicant makes a cash advance of approximately PHP 600,000 and CEPALCO supplies the transformer. In the second option, a certain portion of the total amount, based on the gross distribution revenue, is refunded every 6 months until the entire amount is fully refunded (but w/o interest). The second option is more favorable to the applicant.

Either option requires a basic fee (estimated 1-month bill deposit and service fee) equivalent to PHP 130,000, which is refundable upon termination of contract with interest.

Procedure 25. Receive inspection for electricity connection from CEPALCO**Time:** 1 day**Cost:** No cost**Procedure 26. Obtain electricity connection from CEPALCO****Time:** 33 days

Cost: PHP 130,000 (estimated connection cost is PHP 600,000, which is refunded every 6 months, plus PHP 130,000 basic fees or the estimated 1-month bill deposit and service fee, which is refunded upon termination of contract)

Procedure 27*. Apply for water connection at Cagayan de Oro Water District (CDOWD)**Time:** 1 day**Cost:** No cost

Comments: The company visits CDOWD to apply for connection. Inspection takes place 3 days from the date of application.

Procedure 28*. Receive inspection for water connection from CDOWD**Time:** 1 day**Cost:** No cost**Procedure 29*. Obtain water connection from CDOWD****Time:** 22 days**Cost:** PHP 1,360 (PHP 1,000 installation fee + PHP 360 stand pipe)**Procedure 30*. Obtain telephone connection from the telephone company****Time:** 8 days**Cost:** No cost

Comments: There are three telephone companies providing landline services in Cagayan de Oro City. These are Philippine Long Distance Co. (PLDT), Bayantel, and Globelines. For PLDT, the cost is PHP 1,500 with a lock-in period of 12 months. For Bayantel, the cost is PHP 749 with no lock-in period. For Globelines, there is no connection fee but there is a lock-in period of 12 months. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS**CALOOCAN**

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)**Time:** 2 days

Cost: PHP 57 (PHP 30 for the certification + PHP 6 for each additional page (2 pages needed) + PHP 15 documentary stamp tax)

Comments: The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain certified true copy of the tax declaration of real property from the City Assessor's Office (CAO)**Time:** 2 days

Cost: PHP 65 (PHP 50 + PHP 15 documentary stamp)

Comments: The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.

Procedure 3*. Obtain lot plan with site map from the geodetic engineer**Time:** 7 days**Cost:** PHP 1,000

Comments: The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.

Procedure 4*. Obtain barangay clearance**Time:** 1 day**Cost:** PHP 100

Comments: The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.

Procedure 5. Apply for the locational clearance at the City Planning and Development Office (CPDO)**Time:** 1 day**Cost:** No cost

Comments: The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- a. Notarized locational clearance application form;
- b. Barangay clearance;
- c. Transfer Certificate of Title (TCT);
- d. Latest real property tax receipt; and
- e. Architectural plan.

Procedure 6. Notarize the locational clearance application form at the notary

Time: 1 day

Cost: PHP 50

Procedure 7. Receive inspection for the locational clearance from the CPDO

Time: 1 day

Cost: No cost

Procedure 8. Obtain the locational clearance from the CPDO

Time: 13 days

Cost: PHP 4,402 (PHP 3 per square meter + PHP 100 filing fee + PHP 400 zoning and land use verification fee)

Comments: The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.

Procedure 9. Apply for the building permit and ancillary permits at the Office of the Building Official (OBO)

Time: 1 day

Cost: No cost

Comments: The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- a. Certified true copy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- b. Tax declaration;
- c. Current real property tax receipt;
- d. Building permit application form;
- e. Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- f. Locational clearance from the CPDO.

Procedure 10. Notarize the building permit application form at the notary

Time: 1 day

Cost: PHP 50

Procedure 11. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)

Time: 7 days

Cost: PHP 19,500 (0.1% of the estimated project cost)

Comments: The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 12. Obtain the building permit from the OBO

Time: 4 days

Cost: PHP 39,518 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees + PHP 500 filing fee)

Comments: After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.

Procedure 13. Receive inspection from the BFP during construction

Time: 1 day

Cost: No cost (fees included in procedure 11)

Comments: The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.

Procedure 14. Receive inspection from the OBO during construction

Time: 1 day

Cost: No cost (fees included in procedure 12)

Comments: During the construction of the warehouse, the OBO conducts an inspection to ensure that the construction follows the approved building plans and design.

Procedure 15. Apply for the Certificate of Occupancy at the OBO

Time: 1 day

Cost: No cost

Comments: In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- a. Application for Certificate of Occupancy;
- b. Duly notarized certificate of completion;
- c. Construction logbook;
- d. As-built plans and specifications; and
- e. Building Inspection Sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

Procedure 16. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP

Time: 1 day

Cost: PHP 3,901 (10% of building permit fees)

Comments: Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 17. Receive final inspection for the FSIC from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 16)

Procedure 18. Obtain the FSIC from the BFP

Time: 1 day

Cost: No cost

Procedure 19. Receive final inspection for the Certificate of Occupancy from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 20)

Comments: The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.

Procedure 20. Obtain the Certificate of Occupancy from the OBO**Time:** 3 days**Cost:** PHP 19,800 (PHP 1,000 per PHP 1,000,000 of the project value; the cost for the excess PHP 500,000 is PHP 800)**Comments:** After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.**Procedure 21. Apply for the Certificate of Final Electrical Inspection (CFEI) from the Electrical Division of the OBO****Time:** 1 day**Cost:** No cost**Comments:** The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.**Procedure 22. Receive final inspection for the CFEI from the OBO****Time:** 1 day**Cost:** No cost**Procedure 23. Obtain the CFEI from the OBO****Time:** 1 day**Cost:** No cost**Procedure 24. Apply for electricity connection at Manila Electric Company (Meralco)****Time:** 1 day**Cost:** No cost**Comments:** The electric company is Meralco. The company visits Meralco to request the connection and submit the CFEI and electrical plans. Meralco conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection.**Procedure 25. Receive inspection for electricity connection from Meralco****Time:** 1 day**Cost:** No cost**Procedure 26. Obtain electricity connection from Meralco****Time:** 56 days**Cost:** PHP 564,490 (PHP 35,000 for poles + PHP 334,400 for two 75 kVA transformers + PHP 44,000 for dressings + PHP 6,700 for guying + PHP 144,390 for security deposit)**Procedure 27*. Apply for water and sewage connection at Maynilad Water Services, Inc. (Maynilad)****Time:** 1 day**Cost:** No cost**Comments:** The water company is Maynilad. The company visits Maynilad to request the connection and inspection takes place in a week. Maynilad subcontracts the installation with a contractor and the time of actual installation depends on the contractor.**Procedure 28*. Receive inspection for water and sewage connection from Maynilad****Time:** 1 day**Cost:** No cost**Procedure 29*. Obtain water and sewage connection from Maynilad****Time:** 30 days**Cost:** PHP 7,455**Procedure 30*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** No cost**Comments:** There are three telephone companies providing landline services in Caloocan City. These are Philippine Long Distance Co. (PLDT), Globelines and Digitel. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the regular phone line. For Digitel, the cost is PHP 2,500 and there is a lock-in period of 30 months for the regular phone line. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.**Procedure 31*. Obtain the tax declaration of improvement from the CAO****Time:** 1 day**Cost:** No cost**Comments:** The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

CEBU CITY

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)**Time:** 3 days**Cost:** PHP 160 (PHP 30 for the certification + PHP 6 for each additional page (4 pages needed) + PHP 112 IT fee)**Comments:** The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.**Procedure 2*. Obtain certified true copy of the tax declaration of real property from the City Assessor's Office (CAO)****Time:** 1 day**Cost:** PHP 55 (PHP 40 certification + PHP 15 documentary stamp tax)**Comments:** The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.**Procedure 3*. Obtain lot plan with site map from the geodetic engineer****Time:** 2 days**Cost:** PHP 1,250**Comments:** The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.**Procedure 4*. Obtain barangay clearance****Time:** 2 days**Cost:** PHP 200**Comments:** The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.**Procedure 5. Apply for the locational clearance at the City Planning and Development Office (CPDO)****Time:** 1 day**Cost:** No cost**Comments:** The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- Notarized locational clearance application form;
- Barangay clearance;
- Transfer Certificate of Title (TCT);
- Latest real property tax receipt; and
- Architectural plan.

Procedure 6. Notarize the locational clearance application form at the notary

Time: 1 day

Cost: PHP 50

Procedure 7. Receive inspection for the locational clearance from the CPDO

Time: 1 day

Cost: No cost (fees included in procedure 8)

Procedure 8. Obtain the locational clearance from the CPDO

Time: 6 days

Cost: PHP 20,604 (PHP 1,000 + 1/10 of 1% of the total estimated cost of the project in excess of PHP 100,000 for the zoning fee + 1% of the zoning fee for legal and research fee)

Comments: The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.

Procedure 9. Apply for the building permit and ancillary permits at the Office of the Building Official (OBO)

Time: 1 day

Cost: No cost

Comments: The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- Certified true copy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- Tax declaration;
- Current real property tax receipt;
- Building permit application form;
- Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- Locational clearance from the CPDO.

Procedure 10. Receive preliminary inspection from OBO

Time: 1 day

Cost: No cost

Comments: OBO conducts a preliminary inspection onsite to check whether the construction has started or not. There is a penalty if construction has started without the building permit.

Procedure 11. Get evaluation of and comments on the architectural plans from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 18)

Comments: Upon submitting the required documents for the building permit, the company has to visit different sections to have the plans evaluated and approved.

Procedure 12. Get evaluation of and comments on the civil/structural plans from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 18)

Procedure 13. Get evaluation of and comments on the line and grade plans from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 18)

Procedure 14. Get evaluation of and comments on the sanitary and plumbing plans from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 18)

Procedure 15. Get evaluation of and comments on the electrical plans

Time: 1 day

Cost: No cost (fees included in procedure 18)

Procedure 16. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)

Time: 7 days

Cost: PHP 19,500 (0.1% of estimated project cost)

Comments: The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 17. Obtain the parking compliance from the City Mayor's Office (CMO)

Time: 1 day

Cost: No cost

Procedure 18. Obtain the building permit from the OBO

Time: 30 days

Cost: PHP 35,123 (first 500 square meters x PHP 23 + next 100 square meters x PHP 22 + next 100 square meters x PHP 20.50 + next 100 square meters x PHP 19.50 + next 100 square meters x PHP 18 + next 100 square meters x PHP 17 + next 301 square meters x PHP 16 for a total of PHP 26,016.

Ancillary fees are estimated at PHP 7 per square meter)

Comments: After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.

Procedure 19. Receive inspection from the BFP during construction

Time: 1 day

Cost: No cost (fees included in procedure 16)

Comments: The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.

Procedure 20. Receive inspection from the OBO during construction

Time: 1 day

Cost: No cost (fees included in procedure 18)

Comments: During the construction of the warehouse, the OBO conducts an inspection to ensure that the construction follows the approved building plans and design.

Procedure 21. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the OBO**Time:** 1 day**Cost:** No cost**Comments:** In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- Application for Certificate of Occupancy;
- Duly notarized certificate of completion;
- Construction logbook;
- As-built plans and specifications; and
- Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.

Procedure 22. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP**Time:** 1 day**Cost:** PHP 3,512 (10% of building permit fees)

Comments: Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 23. Receive final inspection for the FSIC from the BFP**Time:** 1 day**Cost:** No cost (fees included in procedure 22)**Procedure 24. Obtain the FSIC from the BFP****Time:** 3 days**Cost:** No cost**Procedure 25. Receive final inspection for the Certificate of Occupancy and CFEI from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 26)

Comments: The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.

Procedure 26. Obtain the Certificate of Occupancy and CFEI from the OBO**Time:** 3 days**Cost:** PHP 20,000 (PHP 1,000 per PHP 1,000,000 of the project value)

Comments: After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.

Procedure 27. Apply for electricity connection at Visayan Electric Company (VECO)**Time:** 1 day**Cost:** No cost

Comments: The company visits VECO to apply for the connection and submit the CFEI and electrical plans. VECO technical staff inspects the warehouse. The cost of the transformers is PHP 118,644 per transformer (three needed). The total project cost is PHP 433,123 and is refunded after one year.

Procedure 28. Receive inspection for electricity connection from VECO**Time:** 1 day**Cost:** No cost**Procedure 29. Obtain electricity connection from VECO****Time:** 19 days**Cost:** No cost**Procedure 30*. Apply for water connection at Metro Cebu Water District (MCWD)****Time:** 1 day**Cost:** No cost**Procedure 31*. Receive inspection for water connection from MCWD****Time:** 1 day**Cost:** No cost**Procedure 32*. Obtain water connection from MCWD****Time:** 15 days**Cost:** No cost**Procedure 33*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** PHP 4,950 (installation fee paid during application)

Comments: There are three telephone companies providing landline services in Cebu City. The cost is PHP 1,500 for Philippine Long Distance Co. (PLDT), and PHP 999 for Bayantel. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the three providers. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.

Procedure 34*. Apply for the tax declaration of improvement at the CAO**Time:** 1 day**Cost:** No cost

Comments: The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.

Procedure 35*. Receive inspection from the Appraiser of CAO**Time:** 1 day**Cost:** No cost**Procedure 36*. Obtain the tax declaration of improvement from CAO****Time:** 1 day**Cost:** No cost

Comments: The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

DAVAO CITY

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain lot plan with site map from the geodetic engineer**Time:** 2 days**Cost:** PHP 500

Comments: The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.

Procedure 2. Apply for locational clearance at the City Planning and Development Office (CPDO)**Time:** 1 day**Cost:** No cost

Comments: The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- Notarized locational clearance application form;
- Barangay clearance;
- Transfer Certificate of Title (TCT);
- Latest real property tax receipt; and
- Architectural plan.

Procedure 3. Notarize the locational clearance application form at the notary**Time:** 1 day**Cost:** PHP 100**Procedure 4. Obtain the locational clearance from the CPDO****Time:** 2 days**Cost:** PHP 2,250 (PHP 1.5 per square meter + PHP 300 filing fee)

Comments: The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.

Procedure 5. Apply for the building permit and ancillary permits at the Office of the Building Official (OBO)**Time:** 1 day**Cost:** No cost

Comments: The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- Photocopy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- Photocopy of tax declaration;
- Current real property tax receipt;
- Building permit application form;
- Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- Locational clearance from the CPDO.

Procedure 6. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)**Time:** 7 days**Cost:** PHP 19,500 (0.1% of estimated project cost)

Comments: The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 7. Obtain the building permit from the OBO**Time:** 18 days**Cost:** PHP 35,123 (first 500 square meters x PHP 23 +

next 100 square meters x PHP 22 +

next 100 square meters x PHP 20.50 +

next 100 square meters x PHP 19.50 +

next 100 square meters x PHP 18 +

next 100 square meters x PHP 17 +

next 301 square meters x PHP 16

for a total of PHP 26,016.

Ancillary fees are estimated at PHP 7 per square meter)

Comments: After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.

Procedure 8. Receive inspection from the BFP during construction**Time:** 1 day**Cost:** No cost (fees included in procedure 6)

Comments: The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.

Procedure 9. Receive inspection from the OBO during construction**Time:** 1 day**Cost:** No cost (fees included in procedure 7)

Comments: During the construction of the warehouse, the OBO conducts an inspection to ensure that the construction follows the approved building plans and design.

Procedure 10. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the OBO**Time:** 1 day**Cost:** No cost

Comments: In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- Application for Certificate of Occupancy;
- Duly notarized certificate of completion;
- Construction logbook;
- As-built plans and specifications; and
- Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.

Procedure 11. Obtain validation from Zoning Administrator at the CPDO**Time:** 2 days**Cost:** PHP 75 (filing fee)

Comments: This validation is a prerequisite for obtaining the Certificate of Occupancy and confirms that the warehouse has complied with the issued locational clearance. The company submits the completed application form for the Certificate of Occupancy, certificate of completion, approved building plans, and locational clearance to the Zoning Administrator.

Procedure 12*. Receive inspection for Zoning Administrator's validation from the CPDO**Time:** 1 day**Cost:** No cost**Comments:** Upon application for zoning validation, inspection may take place that afternoon or the following day.**Procedure 13*. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP****Time:** 1 day**Cost:** PHP 1,641 (10% of total fees for the certificate of occupancy)**Comments:** Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.**Procedure 14*. Receive final inspection for the FSIC from the BFP****Time:** 1 day**Cost:** No cost (fees included in procedure 13)**Procedure 15*. Obtain the FSIC from the BFP****Time:** 3 days**Cost:** No cost**Procedure 16*. Receive final inspection for the Certificate of Occupancy and CFEI from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 17)**Procedure 17. Obtain the Certificate of Occupancy and CFEI from the OBO****Time:** 5 days**Cost:** PHP 16,410 (project value/1,200,000 x PHP 1,000 + PHP 60 plumbing fee + PHP 96 electrical fee + PHP 100 filing fee)**Comments:** After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.**Procedure 18. Apply for electricity connection at Davao Light and Power Company (Davao Light)****Time:** 1 day**Cost:** No cost**Comments:** The electric company is Davao Light. The company visits Davao Light to request the connection. Davao Light conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electric connection. The cost of the transformers is PHP 106,000 (three needed) and is refunded after a year through deductions to monthly bills computed at 75% of the applicant's annual gross distribution revenue.**Procedure 19. Receive inspection for electricity connection from Davao Light****Time:** 1 day**Cost:** No cost**Procedure 20. Obtain electricity connection from Davao Light****Time:** 2 days**Cost:** No cost**Procedure 21*. Apply for water connection at the Davao City Water District (DCWD)****Time:** 1 day**Cost:** PHP 3,000 (installation fee paid during application)**Comments:** The local service provider is DCWD. The company visits DCWD to apply for the connection; connection is effected some days after the inspection.**Procedure 22*. Receive inspection for water connection from DCWD****Time:** 1 day**Cost:** No cost**Procedure 23*. Obtain water connection from DCWD****Time:** 5 days**Cost:** No cost**Procedure 24*. Obtain telephone connection from the telephone company****Time:** 4 days**Cost:** No cost**Comments:** There are three telephone companies providing landline services in Davao City. These are Philippine Long Distance Co. (PLDT), Bayantel, and Globelines. For PLDT, the cost is PHP 1,500 with a lock-in period of 12 months. For Bayantel, the cost is PHP 749 with no lock-in period. For Globelines, there is no connection fee but there is a lock-in period of 12 months. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.**Procedure 25*. Apply for the tax declaration of improvement at the City Assessor's Office (CAO)****Time:** 1 day**Cost:** No cost**Comments:** The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.**Procedure 26*. Receive inspection from the Appraiser of CAO****Time:** 1 day**Cost:** No cost**Procedure 27*. Obtain tax declaration of improvement from CAO****Time:** 1 day**Cost:** No cost**Comments:** The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

GENERAL SANTOS

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)**Time:** 7 days**Cost:** PHP 160 (PHP 30 for the certification + PHP 6 for each additional page (4 pages needed) + PHP 112 IT fee)**Comments:** The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.**Procedure 2*. Obtain certified true copy of the tax declaration of real property from the City Assessor's Office (CAO)****Time:** 1 day**Cost:** PHP 55 (PHP 40 certificate + PHP 15 documentary stamp tax)**Comments:** The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.**Procedure 3*. Obtain lot plan with site map from the geodetic engineer****Time:** 2 days**Cost:** PHP 500

Comments: The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.

Procedure 4. Apply for the locational clearance at the City Planning and Development Office (CPDO)

Time: 1 day

Cost: No cost

Comments: The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- Notarized locational clearance application form;
- Barangay clearance;
- Transfer Certificate of Title (TCT);
- Latest real property tax receipt; and
- Architectural plan.

The applicant obtains an endorsement from the CPDO before applying for a barangay clearance.

Procedure 5. Obtain barangay clearance

Time: 1 day

Cost: PHP 100

Comments: The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.

Procedure 6*. Notarize the locational clearance application form at the notary

Time: 1 day

Cost: PHP 100

Procedure 7. Obtain the locational clearance from the CPDO

Time: 2 days

Cost: PHP 21,500 (1/10 of 1% of the project value + PHP 2,000 for commercial use)

Comments: The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.

Procedure 8. Apply for the building permit and ancillary permits at the City Engineering Office-Building Division (CEO-BD)

Time: 1 day

Cost: No cost

Comments: The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- Certified true copy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- Tax declaration;
- Current real property tax receipt;
- Building permit application form;
- Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- Locational clearance from the CPDO.

Procedure 9. Notarize the building permit application form at the notary

Time: 1 day

Cost: PHP 100

Procedure 10. Receive preliminary inspection for line and grade from CEO-BD

Time: 1 day

Cost: No cost

Procedure 11. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)

Time: 7 days

Cost: PHP 19,500 (0.1% of the estimated project cost)

Comments: The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 12. Obtain the building permit from the CEO-BD

Time: 20 days

Cost: PHP 39,018 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees)

Comments: After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the CEO-BD which will then issue the permit.

Procedure 13. Receive inspection from CEO-BD during construction

Time: 1 day

Cost: No cost

Comments: During the construction of the warehouse, the CEO-BD conducts an inspection to ensure that the construction follows the approved building plans and design.

Procedure 14. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP

Time: 1 day

Cost: PHP 3,901 (10% of building permit fees)

Comments: Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 15. Receive final inspection for the FSIC from the BFP

Time: 1 day

Cost: No cost

Procedure 16. Obtain the FSIC from the BFP

Time: 1 day

Cost: No cost

Procedure 17. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the CEO-BD

Time: 1 day

Cost: No cost

Comments: In applying for a Certificate of Occupancy, the applicant must submit the following to the CEO-BD:

- Application for Certificate of Occupancy;
- Duly notarized certificate of completion;

- c. Construction logbook;
 - d. As-built plans and specifications;
 - e. Building inspection sheet;
 - f. FSIC (2 copies);
 - g. Sanitary certificate signed and sealed by the Sanitary Engineer/Master Plumber (2 copies);
 - h. Photocopy of the building and ancillary permits;
 - i. Approved building plans; and
 - j. Photograph of the structure,
- all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the CEO-BD and the provisions of the Philippine Electrical Code.

Procedure 18. Receive final inspection for the Certificate of Occupancy and CFEI from the CEO-BD

Time: 1 day

Cost: No cost

Comments: The CEO-BD conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.

Procedure 19. Obtain the Certificate of Occupancy and CFEI from the CEO-BD

Time: 9 days

Cost: PHP 20,000 (PHP 1,000 per PHP 1,000,000 of the project value)

Comments: After the CEO-BD has processed the application and conducted the inspection, it then issues an assessment and order of payment. The CEO-BD issues the Certificate of Occupancy after the applicant has paid the corresponding fees.

Procedure 20. Apply for electricity connection at South Cotabato Electric Cooperative, Inc. (SOCOTECO II)

Time: 1 day

Cost: No cost

Comments: The electric company is SOCOTECO II. The company visits SOCOTECO II to request the connection. SOCOTECO technical staff visits the site to inspect the warehouse and checks the service entrance. For a 140 kW load, the company has to install its own transformers.

Procedure 21. Receive inspection for electricity connection from SOCOTECO II

Time: 1 day

Cost: No cost

Procedure 22. Obtain electricity connection from SOCOTECO II

Time: 5 days

Cost: PHP 431,084 (PHP 104,839.29 per 50 kVA transformer (three needed) + PHP 14,178.39 accessories + PHP 57,887.47 estimated meter deposit (3 phase CT rated) + PHP 35,000 estimated meter deposit (3 phase self-contained) + PHP 7,000 labor cost-metering + PHP 1,000 service fee + PHP 1,500 service deposit)

Procedure 23*. Apply for water connection at General Santos City Water District (GSCWD)

Time: 1 day

Cost: No cost

Comments: The applicant is required to attend a one-hour seminar on GSCWD company rules and policies.

Procedure 24*. Receive inspection for water connection from GSCWD

Time: 1 day

Cost: No cost

Procedure 25*. Obtain water connection from GSCWD

Time: 1 day

Cost: PHP 1,600 (PHP 1,500 downpayment + PHP 100 inspection fee)

Comments: For commercial use, the estimated cost is PHP 5,000 (materials and labor). The applicant can make a downpayment of PHP 1,500 and pay the remaining balance within 6 months.

Procedure 26*. Obtain telephone connection from the telephone company

Time: 8 days

Cost: No cost

Comments: There are three telephone companies providing landline services in General Santos City. The cost is PHP 1,500 for Philippine Long Distance Co. (PLDT) and PHP 749 for Bayantel. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for PLDT and Globelines while Bayantel has no lock-in period. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.

Procedure 27*. Apply for the tax declaration of improvement at the CAO

Time: 1 day

Cost: No cost

Comments: The company must update its official records to include the newly built warehouse for tax purposes. The CEO-BD furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.

Procedure 28*. Receive inspection from the Appraiser of CAO

Time: 1 day

Cost: No cost

Procedure 29*. Obtain the tax declaration of improvement from the CAO

Time: 5 days

Cost: No cost

Comments: The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

ILOILO CITY

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain lot plan with site map from the geodetic engineer

Time: 3 days

Cost: PHP 1,000

Comments: The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.

Procedure 2*. Obtain barangay clearance

Time: 1 day

Cost: PHP 50

Comments: The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.

Procedure 3*. Obtain special permit from the Zoning Board

Time: 30 days

Cost: PHP 1,000 (filing fee)

Comments: Warehouse construction is considered a special project that requires the approval of the Zoning Board. The applicant must apply for a Special Permit, which is a requirement for the locational clearance.

Procedure 4. Apply for the locational clearance at the Office of Zoning Administration (OZA)**Time:** 1 day**Cost:** No cost**Comments:** The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- Notarized locational clearance application form;
- Barangay clearance;
- Transfer Certificate of Title (TCT);
- Latest real property tax receipt; and
- Architectural plan.

Procedure 5. Notarize the locational clearance application form at the notary**Time:** 1 day**Cost:** PHP 100**Procedure 6. Receive inspection for the locational clearance from the OZA****Time:** 1 day**Cost:** No cost**Procedure 7. Obtain the locational clearance from the OZA****Time:** 1 day**Cost:** PHP 19,400 (PHP 1,000 for the first PHP 100,000 of the project cost; excess is multiplied by 1/10 of 1%)**Comments:** The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the OZA.**Procedure 8. Apply for the building permit and ancillary permits at the Office of the Building Official (OBO)****Time:** 1 day**Cost:** No cost**Comments:** The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- Photocopy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- Photocopy of tax declaration;
- Current real property tax receipt;
- Building permit application form;
- Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- Locational clearance from the OZA.

Procedure 9. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)**Time:** 3 days**Cost:** PHP 19,500 (0.1% of estimated project cost)**Comments:** The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 10. Obtain the building permit from the OBO**Time:** 13 days**Cost:** PHP 39,018 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees)**Comments:** After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.**Procedure 11. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the OBO****Time:** 1 day**Cost:** No cost**Comments:** In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- Application for Certificate of Occupancy;
- Duly notarized certificate of completion;
- Construction logbook;
- As-built plans and specifications; and
- Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.

Procedure 12. Apply for zoning compliance certificate at OZA**Time:** 1 day**Cost:** PHP 2,000**Comments:** This clearance confirms that the warehouse has complied with the issued locational clearance. This is a requirement in obtaining the Certificate of Occupancy.**Procedure 13. Receive inspection from OZA****Time:** 1 day**Cost:** No cost**Procedure 14. Obtain zoning compliance certificate from OZA****Time:** 5 days**Cost:** No cost**Procedure 15*. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP****Time:** 1 day**Cost:** PHP 3,901 (10% of building fees)**Comments:** Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.**Procedure 16*. Receive final inspection for the FSIC from the BFP****Time:** 1 day**Cost:** No cost

Procedure 17*. Obtain the FSIC from the BFP**Time:** 5 days**Cost:** No cost**Procedure 18*. Receive final inspection for the Certificate of Occupancy and CFEI from the OBO****Time:** 1 day**Cost:** No cost

Comments: The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.

Procedure 19. Obtain the Certificate of Occupancy and CFEI from the OBO**Time:** 5 days

Cost: PHP 12,000 (the floor area is multiplied by 10,000: the first PHP 1,200,000 is assessed PHP 1,000, while an additional PHP 1,000 is assessed for every million in excess thereof)

Comments: After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.

Procedure 20. Apply for electricity connection at Panay Electric Company (PECO)**Time:** 1 day**Cost:** No cost

Comments: The company visits PECO to request the connection. Requirements for permanent connection are: Certificate of Occupancy, CFEI, FSIC, tax declaration, copy of the land title, and board resolution for the designation of an authorized representative if a corporation. Upon submission of the application form and requirements, the customer service representative informs the Electrical Engineering Division of PECO to schedule an inspection. This normally happens the following day. After inspection, PECO prepares the Electrical Calculation and Loads Estimate (ECALES) Report. This report analyzes the materials needed, poles, size of wires, load of the transformers, and other details related to installation.

There are two options in installing the 3 50-kVA transformers: 1. mounted in the post or 2. installed in a platform. Using option 1, the total cost is PHP 546,250.50 (PHP 515,260 cost of materials plus PHP 30,980.50 labor and equipment usage). Using option 2, the total cost is PHP 678,308.15 (PHP 604,629.65 cost of materials plus PHP 73,678.50 labor and equipment usage). PECO recommends that the applicant have a platform for the 3 transformers for safety reasons. The first option is more favorable to the applicant.

Aside from the material cost, the applicant is also required to pay the bill deposit computed at 140 kW x 8 hours x 30 days x PHP 10/kWh X 0.65 demand factor for a total of PHP 218,400. This deposit is a guarantee of prompt payment of bills of the applicant and is refunded upon termination of contract.

Procedure 21. Receive inspection for electricity connection from PECO**Time:** 1 day**Cost:** No cost**Procedure 22. Obtain electricity connection from PECO****Time:** 19 days

Cost: PHP 764,641 (PHP 515,260 material cost + PHP 30,980.5 labor cost + PHP 218,400 bill deposit)

Procedure 23*. Apply for water and sewage connection at Metro Iloilo Water District (MIWD)**Time:** 1 day**Cost:** No cost

Comments: The applicant is required to attend a one-hour orientation/seminar on company policies and the application process. Inspection happens after a few days.

Procedure 24*. Receive inspection for water and sewage connection from MIWD**Time:** 1 day**Cost:** No cost**Procedure 25*. Obtain water and sewage connection from MIWD****Time:** 35 days

Cost: PHP 600 (PHP 1,150 material cost + PHP 750 installation cost + PHP 600 meter maintenance fee) the applicant can initially pay PHP 600

Procedure 26*. Obtain telephone connection from the telephone company**Time:** 8 days**Cost:** No cost

Comments: There are three telephone companies providing landline services in Iloilo City. The cost is PHP 1,500 for Philippine Long Distance Co. (PLDT), and PHP 999 for Bayantel. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the three providers. The case study assumes that the company will request services from Globelines as this is the option most favorable to the company.

Procedure 27*. Apply for the tax declaration of improvement at the City Assessor's Office (CAO)**Time:** 1 day**Cost:** PHP 200 (inspection fee)

Comments: The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.

Procedure 28*. Receive inspection from the Appraiser of CAO**Time:** 1 day**Cost:** No cost**Procedure 29*. Obtain the tax declaration of improvement from the CAO****Time:** 1 day**Cost:** No cost

Comments: The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

LAPU-LAPU

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)**Time:** 7 days

Cost: PHP 160 (PHP 30 for the certification + PHP 6 for each additional page (4 pages needed) + PHP 112 IT fee)

Comments: The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain certified true copy of the tax declaration of real property from the City Assessor's Office (CAO)**Time:** 2 days

Cost: PHP 40 (PHP 25 tax declaration + PHP 15 documentary stamp tax)

Comments: The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.

Procedure 3*. Obtain lot plan with site map from the geodetic engineer**Time:** 3 days**Cost:** PHP 1,250

Comments: The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.

Procedure 4*. Obtain barangay clearance**Time:** 2 days**Cost:** PHP 100

Comments: The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.

Procedure 5. Apply for locational clearance at the City Planning and Development Office (CPDO)**Time:** 1 day**Cost:** No cost

Comments: The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- Notarized locational clearance application form;
- Barangay clearance;
- Transfer Certificate of Title (TCT);
- Latest real property tax receipt; and
- Architectural plan.

Procedure 6. Notarize locational clearance application form at the notary**Time:** 1 day**Cost:** PHP 50**Procedure 7. Receive inspection for the locational clearance from the CPDO****Time:** 1 day**Cost:** No cost (fees included in procedure 8)**Procedure 8. Obtain the locational clearance from the CPDO****Time:** 4 days

Cost: PHP 22,500 (PHP 5,000 for over PHP 2,000,000 of the project value + 1/10 of 1% in excess of PHP 2,000,000)

Comments: The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.

Procedure 9. Apply for the building permit and ancillary permits at the Office of the Building Official (OBO)**Time:** 1 day**Cost:** No cost

Comments: The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- Certified true copy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- Tax declaration;
- Current real property tax receipt;
- Building permit application form;
- Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- Locational clearance from the CPDO.

Procedure 10. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)**Time:** 7 days**Cost:** PHP 19,500 (0.1% of estimated project cost)

Comments: The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 11. Get evaluation of and comments on the architectural plans from the OBO**Time:** 1 day**Cost:** No cost (fees included in procedure 16)

Comments: Upon submitting the required documents for the building permit, the company has to visit different sections to have the plans evaluated and approved.

Procedure 12. Get evaluation of and comments on the civil/structural plans from the OBO**Time:** 1 day**Cost:** No cost (fees included in procedure 16)**Procedure 13. Get evaluation of and comments on the line and grade plans from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 16)**Procedure 14. Get evaluation of and comments on the sanitary and plumbing plans from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 16)**Procedure 15. Get evaluation of and comments on the electrical plans from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 16)**Procedure 16. Obtain the building permit from the OBO****Time:** 16 days

Cost: PHP 39,018 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees)

Comments: After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.

Procedure 17. Receive inspection from the BFP during construction**Time:** 1 day**Cost:** No cost (fees included in procedure 10)

Comments: The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.

Procedure 18. Receive inspection from the OBO during construction**Time:** 1 day**Cost:** No cost (fees included in procedure 16)

Comments: During the construction of the warehouse, the OBO conducts an inspection to ensure that the construction follows the approved building plans and design.

Procedure 19. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP**Time:** 1 day**Cost:** PHP 3,901 (10% of building permit fees)

Comments: Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 20. Receive final inspection for the FSIC from the BFP**Time:** 1 day**Cost:** No cost (fees included in procedure 19)**Procedure 21. Obtain the FSIC from the BFP****Time:** 7 days**Cost:** No cost**Procedure 22. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the OBO****Time:** 1 day**Cost:** No cost

Comments: In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- Application for Certificate of Occupancy;
- Duly notarized certificate of completion;
- Construction logbook;
- As-built plans and specifications; and
- Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.

Procedure 23. Receive final inspection for the Certificate of Occupancy and CFEI from the OBO**Time:** 1 day**Cost:** No cost (fees included in procedure 24)

Comments: The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.

Procedure 24. Obtain the Certificate of Occupancy and CFEI from the OBO**Time:** 14 days**Cost:** PHP 20,000 (PHP 1,000 for every PHP 1,000,000 of the project value)

Comments: After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.

Procedure 25. Apply for electricity connection at Mactan Electric Company (MECO)**Time:** 1 day**Cost:** No cost

Comments: The electric company is MECO. The company visits MECO to request the connection and submit the CFEI and electrical plans. MECO conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection. The cost of the transformers is PHP 110,000 per transformer (three needed).

Procedure 26. Receive inspection for electricity connection from MECO**Time:** 1 day**Cost:** No cost**Procedure 27. Obtain electricity connection from MECO****Time:** 13 days**Cost:** PHP 330,000 (cost of three 50-kVA transformers)**Procedure 28*. Apply for water connection at Metro Cebu Water District (MCWD)****Time:** 1 day**Cost:** No cost**Procedure 29*. Receive inspection for water connection from MCWD****Time:** 1 day**Cost:** No cost**Procedure 30*. Obtain water connection from MCWD****Time:** 13 days**Cost:** PHP 4,950 (PHP 1,000 guarantee deposit + PHP 3,950 service connection cost)**Procedure 31*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** No cost

Comments: There are three telephone companies providing landline services in Lapu-Lapu City. The cost is PHP 1,500 for Philippine Long Distance Co. (PLDT), and PHP 999 for Bayantel. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the three providers. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.

Procedure 32*. Apply for the tax declaration of improvement at the CAO**Time:** 1 day**Cost:** No cost

Comments: The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.

Procedure 33*. Receive inspection from the Appraiser of CAO**Time:** 1 day**Cost:** No cost**Procedure 34*. Obtain the tax declaration of improvement from CAO****Time:** 1 day**Cost:** No cost

Comments: The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

LAS PIÑAS

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)**Time:** 3 days

Cost: PHP 160 (PHP 30 for the certification + PHP 6 for each additional page (4 pages needed) + PHP 112 IT fee)

Comments: The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain certified true copy of the tax declaration of real property from the City Assessor's Office (CAO)**Time:** 1 day**Cost:** PHP 100**Comments:** The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.**Procedure 3*. Obtain lot plan with site map from the geodetic engineer****Time:** 3 days**Cost:** PHP 1,000**Comments:** The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.**Procedure 4*. Obtain barangay clearance****Time:** 1 day**Cost:** PHP 300**Comments:** The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.**Procedure 5. Apply for the locational clearance at the City Planning and Development Office (CPDO)****Time:** 1 day**Cost:** No cost**Comments:** The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- a. Notarized locational clearance application form;
- b. Barangay clearance;
- c. Transfer Certificate of Title (TCT);
- d. Latest real property tax receipt; and
- e. Architectural plan.

Procedure 6. Notarize the locational clearance application form at the notary**Time:** 1 day**Cost:** PHP 100**Procedure 7. Obtain the locational clearance from the CPDO****Time:** 3 days**Cost:** PHP 8,503 (PHP 5 per square meter + PHP 2,000 filing fee)**Comments:** The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.**Procedure 8. Apply for the building permit and ancillary permits at the Office of the Building Official (OBO)****Time:** 1 day**Cost:** PHP 700 (PHP 200 filing fee + PHP 500 processing fee)**Comments:** The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- a. Certified true copy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- b. Tax declaration;
- c. Current real property tax receipt;
- d. Building permit application form;
- e. Five sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- f. Locational clearance from the CPDO.

Procedure 9. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)**Time:** 7 days**Cost:** PHP 19,500 (0.1% of estimated project cost)**Comments:** The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 10. Obtain the building permit from the OBO**Time:** 11 days**Cost:** PHP 39,018 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees)**Comments:** After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.**Procedure 11. Receive inspection from the BFP during construction****Time:** 1 day**Cost:** No cost (fees included in procedure 9)**Comments:** The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.**Procedure 12. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the OBO****Time:** 1 day**Cost:** No cost**Comments:** In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- a. Application for Certificate of Occupancy;
- b. Duly notarized certificate of completion;
- c. Construction logbook;
- d. As-built plans and specifications; and
- e. Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

The Certificate of Final Electrical Inspection certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.

Procedure 13. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP**Time:** 1 day**Cost:** PHP 3,901 (10% of building permit fees)**Comments:** Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 14. Receive final inspection for the FSIC from the BFP**Time:** 1 day**Cost:** No cost (fees included in procedure 13)**Procedure 15. Obtain the FSIC from the BFP****Time:** 2 days**Cost:** No cost**Procedure 16. Receive final inspection for the Certificate of Occupancy and CFEI from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 17)**Comments:** The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.**Procedure 17. Obtain the Certificate of Occupancy and CFEI from the OBO****Time:** 8 days**Cost:** PHP 19,400 (PHP 1,000 for the first PHP 1,200,000 of the project value; PHP 1,000 for every PHP 1,000,000 in excess thereof; PHP 400 for PHP 150,000 - PHP 300,000)**Comments:** After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.**Procedure 18. Apply for electricity connection at Manila Electric Company (Meralco)****Time:** 1 day**Cost:** No cost**Comments:** The electric company is Meralco. The company visits Meralco to request the connection and submit the CFEI and electrical plans. Meralco conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection.**Procedure 19. Receive inspection for electricity connection from Meralco****Time:** 1 day**Cost:** No cost**Procedure 20. Obtain electricity connection from Meralco****Time:** 56 days**Cost:** PHP 564,490 (PHP 35,000 for poles + PHP 334,400 for two 75 kVA transformers + PHP 44,000 for dressings + PHP 6,700 for guying + PHP 144,390 for security deposit)**Procedure 21*. Apply for water and sewage connection at Maynilad Water Services, Inc. (Maynilad)****Time:** 1 day**Cost:** No cost**Comments:** The water company is Maynilad. The company visits Maynilad to request the connection and inspection takes place within a week. Connection is effected some days after the inspection.**Procedure 22*. Receive inspection for water and sewage connection from Maynilad****Time:** 1 day**Cost:** No cost**Procedure 23*. Obtain water and sewage connection from Maynilad****Time:** 30 days**Cost:** PHP 7,455**Procedure 24*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** No cost**Comments:** There are three telephone companies providing landline services in Las Piñas City. These are Philippine Long Distance Co. (PLDT), Globelines, and Digitel. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the regular phone line. For Digitel, the cost is PHP 2,500 and there is a lock-in period of 30 months for the regular phone line. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.**Procedure 25*. Apply for the tax declaration of improvement at the CAO****Time:** 1 day**Cost:** No cost**Comments:** The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.**Procedure 26*. Receive inspection from the Appraiser of CAO****Time:** 1 day**Cost:** No cost**Procedure 27*. Obtain the tax declaration of improvement from CAO****Time:** 1 day**Cost:** No cost**Comments:** The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

MAKATI

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain lot plan with site map from the geodetic engineer**Time:** 3 days**Cost:** PHP 1,750**Comments:** The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.**Procedure 2*. Obtain barangay clearance****Time:** 2 days**Cost:** PHP 300 (PHP 150 per floor)**Comments:** The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.**Procedure 3. Notarize locational clearance application form at the notary****Time:** 1 day**Cost:** PHP 50**Procedure 4. Apply for locational clearance at the Urban Development Department (UDD)****Time:** 1 day**Cost:** No cost**Comments:** This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required.

Procedure 5. Receive inspection for locational clearance from the UDD**Time:** 1 day**Cost:** No cost (fees included in procedure 6)**Procedure 6. Obtain locational clearance from the UDD****Time:** 2 days**Cost:** PHP 16,458 (PHP 12.5 per square meter + PHP 200 filing fee)**Comments:** The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at UDD.**Procedure 7*. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)****Time:** 7 days**Cost:** PHP 19,500 (0.1% of estimated project cost)**Comments:** The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

The City Fire Marshall evaluates one set of plans and specifications submitted by the applicant to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 8. Apply and obtain the building permit and ancillary permits at the Office of the Building Official (OBO)**Time:** 6 days**Cost:** PHP 39,018 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees)**Comments:** The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- a. Photocopy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- b. Photocopy of tax declaration;
- c. Current real property tax receipt;
- d. Building permit application form;
- e. Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies);
- f. Locational clearance from the UDD; and
- g. FSEC.

After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.

Procedure 9. Receive inspection from the BFP during construction**Time:** 1 day**Cost:** No cost (fees included in procedure 7)**Comments:** The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.**Procedure 10. Receive inspection from the OBO during construction****Time:** 1 day**Cost:** No cost (fees included in procedure 8)**Comments:** During the construction of the warehouse, the OBO conducts an inspection to ensure that the construction follows the approved building plans and design.**Procedure 11. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP****Time:** 1 day**Cost:** PHP 3,901 (10% of building permit fees)**Comments:** Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.**Procedure 12. Receive final inspection for the FSIC from the BFP****Time:** 1 day**Cost:** No cost (fees included in procedure 11)**Procedure 13. Obtain the FSIC from the BFP****Time:** 1 day**Cost:** No cost**Procedure 14. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the OBO****Time:** 1 day**Cost:** No cost**Comments:** In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- a. Application for Certificate of Occupancy;
- b. Duly notarized certificate of completion;
- c. Construction logbook;
- d. As-built plans and specifications; and
- e. Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.

Procedure 15. Receive final inspection for the Certificate of Occupancy and CFEI from the OBO**Time:** 1 day**Cost:** No cost**Comments:** The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.**Procedure 16. Obtain the Certificate of Occupancy and CFEI from the OBO****Time:** 5 days**Cost:** PHP 20,400 (PHP 1,000 for first PHP 1,200,000 of the project value; PHP 1,000 for every PHP 1,000,000 in excess thereof; PHP 400 for PHP 150,000 - PHP 400,000 + PHP 1,000 for CFEI)**Comments:** After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.**Procedure 17. Apply for electricity connection at Manila Electric Company (Meralco)****Time:** 1 day**Cost:** No cost**Comments:** The electric company is Meralco. The company visits Meralco to request the connection and submit the CFEI and electrical plans. Meralco conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection.**Procedure 18. Receive inspection for electricity connection from Meralco****Time:** 1 day**Cost:** No cost

Procedure 19. Obtain electricity connection from Meralco**Time:** 56 days**Cost:** PHP 564,490 (PHP 35,000 for poles + PHP 334,400 for two 75 kVA transformers + PHP 44,000 for dressings + PHP 6,700 for guying + PHP 144,390 for security deposit)**Comments:** The electric company is Meralco. The company visits Meralco to request the connection and submit the CFEI and electrical plans. Meralco conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection.**Procedure 20*. Apply for water and sewage connection at Maynilad Water Services, Inc. (Maynilad) or Manila Water Company, Inc. (Manila Water)****Time:** 1 day**Cost:** No cost**Comments:** There are two private water providers for Makati City. Maynilad services the west zone and Manila Water services the east zone. The company visits the water company to request the connection and pays PHP 7,455 for Maynilad or PHP 6,855 for Manila Water. Inspection takes place in a week. The case study assumes that the company will apply for a water connection from Manila Water as this is the option favorable to the company.**Procedure 21*. Receive inspection for water and sewage connection from Maynilad or Manila Water****Time:** 1 day**Cost:** No cost**Procedure 22*. Obtain water and sewage connection from Maynilad or Manila Water****Time:** 21 days**Cost:** PHP 6,855**Procedure 23*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** No cost**Comments:** There are three telephone companies providing landline services in Makati City. These are Philippine Long Distance Co. (PLDT), Globelines, and Digitel. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the regular phone line. For Digitel, the cost is PHP 2,500 and there is a lock-in period of 30 months for the regular phone line. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.**Procedure 24*. Apply for the tax declaration of improvement at the City Assessor's Office (CAO)****Time:** 1 day**Cost:** No cost**Comments:** The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.**Procedure 25*. Receive inspection from the Appraiser of CAO****Time:** 1 day**Cost:** No cost**Procedure 26*. Obtain the tax declaration of improvement from the CAO****Time:** 1 day**Cost:** No cost**Comments:** The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

MALABON*Warehouse value: PHP 19,500,000 = USD 418,528**Data as of: June 2010***Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)****Time:** 2 days**Cost:** PHP 57 (PHP 30 for the certification + PHP 6 for each additional page (2 pages needed) + PHP 15 documentary stamp tax)**Comments:** The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.**Procedure 2*. Obtain certified true copy of the tax declaration of real property from the City Assessor's Office (CAO)****Time:** 1 day**Cost:** PHP 115 (PHP 100 certification + PHP 15 documentary stamp tax)**Comments:** The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.**Procedure 3*. Obtain lot plan with site map from the geodetic engineer****Time:** 3 days**Cost:** PHP 1,250**Comments:** The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.**Procedure 4*. Obtain barangay clearance****Time:** 1 day**Cost:** PHP 500**Comments:** The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.**Procedure 5. Apply for the locational clearance at the City Planning and Development Office (CPDO)****Time:** 1 day**Cost:** No cost**Comments:** The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- Notarized locational clearance application form;
- Barangay clearance;
- Transfer Certificate of Title (TCT);
- Latest real property tax receipt; and
- Architectural plan.

Procedure 6. Notarize the locational clearance application form at the notary**Time:** 1 day**Cost:** PHP 100**Procedure 7. Receive inspection for the locational clearance from the CPDO****Time:** 1 day**Cost:** No cost (fees included in procedure 8)**Procedure 8. Obtain the locational clearance from the CPDO****Time:** 3 days**Cost:** PHP 23,450 (PHP 18 per square meter + PHP 40 processing fee)**Comments:** The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.

Procedure 9. Apply for the building permit and ancillary permits at the Office of the Building Official (OBO)

Time: 1 day

Cost: No cost

Comments: The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- a. Certified true copy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- b. Tax declaration;
- c. Current real property tax receipt;
- d. Building permit application form;
- e. Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- f. Locational clearance from the CPDO.

Procedure 10. Notarize the building permit application form at the notary

Time: 1 day

Cost: PHP 100

Procedure 11. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)

Time: 7 days

Cost: PHP 19,500 (0.1% of estimated project cost)

Comments: The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 12. Obtain the building permit from the OBO

Time: 23 days

Cost: PHP 39,018 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees)

Comments: After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.

Procedure 13. Receive inspection from the BFP during construction

Time: 1 day

Cost: No cost (fees included in procedure 11)

Comments: The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.

Procedure 14. Apply for the Certificate of Final Electrical Inspection (CFEI) at the OBO

Time: 1 day

Cost: PHP 50 (inspection fee)

Comments: The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.

Procedure 15. Receive final inspection for the CFEI from the OBO

Time: 1 day

Cost: No cost

Procedure 16. Obtain the CFEI from the OBO

Time: 1 day

Cost: No cost

Procedure 17. Apply for the Certificate of Occupancy at the OBO

Time: 1 day

Cost: No cost

Comments: In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- a. Application for Certificate of Occupancy;
- b. Duly notarized certificate of completion;
- c. Construction logbook;
- d. As-built plans and specifications; and
- e. Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

Procedure 18. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP

Time: 1 day

Cost: PHP 3,901 (10% of building permit fees)

Comments: Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 19. Receive final inspection for the FSIC from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 18)

Procedure 20. Obtain the FSIC from the BFP

Time: 2 days

Cost: No cost

Procedure 21. Receive final inspection for the Certificate of Occupancy from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 22)

Comments: The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.

Procedure 22. Obtain the Certificate of Occupancy from the OBO

Time: 1 day

Cost: PHP 20,000 (PHP 1,000 per PHP 1,000,000 of the project cost)

Comments: After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.

Procedure 23. Apply for electricity connection at Manila Electric Company (Meralco)

Time: 1 day

Cost: No cost

Comments: The electric company is Meralco. The company visits Meralco to request the connection and submit the CFEI and electrical plans. Meralco conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection.

Procedure 24. Receive inspection for electricity connection from Meralco**Time:** 1 day**Cost:** No cost**Procedure 25. Obtain electricity connection from Meralco****Time:** 56 days**Cost:** PHP 564,490 (PHP 35,000 for poles + PHP 334,400 for two 75 kVA transformers + PHP 44,000 for dressings + PHP 6,700 for guying + PHP 144,390 for security deposit)**Procedure 26*. Apply for water and sewage connection at Maynilad Water Services, Inc. (Maynilad)****Time:** 1 day**Cost:** No cost**Comments:** The water company is Maynilad. The company visits Maynilad to request the connection and inspection takes place within a week. Connection is effected some days after the inspection.**Procedure 27*. Receive inspection for water and sewage connection from Maynilad****Time:** 1 day**Cost:** No cost**Procedure 28*. Obtain water and sewage connection from Maynilad****Time:** 30 days**Cost:** PHP 7,455**Procedure 29*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** No cost**Comments:** There are four telephone companies providing landline services in Malabon City. These are Philippine Long Distance Co. (PLDT), Globelines, Digitel, and Bayantel. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the regular phone line. For Digitel, the cost is PHP 2,500 and there is a lock-in period of 30 months for the regular phone line. For Bayantel, the cost PHP 749 with no lock-in period. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.**Procedure 30*. Apply for the tax declaration of improvement at the CAO****Time:** 1 day**Cost:** No cost**Comments:** The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.**Procedure 31*. Receive inspection from the Appraiser of CAO****Time:** 1 day**Cost:** No cost**Procedure 32*. Obtain the tax declaration of improvement from the CAO****Time:** 1 day**Cost:** No cost**Comments:** The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

MANDALUYONG

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)**Time:** 3 days**Cost:** PHP 160 (PHP 30 for the certification + PHP 6 for each additional page (4 pages needed) + PHP 112 IT fee)**Comments:** The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.**Procedure 2*. Obtain certified true copy of the tax declaration of real property from the City Assessor's Office (CAO)****Time:** 1 day**Cost:** PHP 65 (PHP 50 + PHP 15 documentary stamp tax)**Comments:** The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.**Procedure 3*. Obtain lot plan with site map from the geodetic engineer****Time:** 3 days**Cost:** PHP 2,000**Comments:** The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.**Procedure 4*. Obtain barangay clearance****Time:** 2 days**Cost:** PHP 1,000**Comments:** The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.**Procedure 5. Apply for the locational clearance at the City Planning and Development Office (CPDO)****Time:** 1 day**Cost:** No cost**Comments:** The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- Notarized locational clearance application form;
- Barangay clearance;
- Transfer Certificate of Title (TCT);
- Latest real property tax receipt; and
- Architectural plan.

Procedure 6. Notarize the locational clearance application form at the notary**Time:** 1 day**Cost:** PHP 100**Procedure 7. Obtain the Certificate of Non-Coverage (CNC) from the Department of Environment and Natural Resources****Time:** 2 days**Cost:** PHP 600**Comments:** For projects that do not pose environmental hazard and with a floor area of more than 1,000 square meters, CNC from the DENR is required.**Procedure 8. Receive inspection for the locational clearance from the CPDO****Time:** 1 day**Cost:** No cost (fees included in procedure 9)

Procedure 9. Obtain the locational clearance from the CPDO**Time:** 13 days**Cost:** PHP 5,013 (PHP 3 per square meter for land use fee + 25% of land use fee + PHP 89 filing fee + PHP 46 certificate fee)**Comments:** The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.**Procedure 10. Apply for the building permit and ancillary permits at the Office of the Building Official (OBO)****Time:** 1 day**Cost:** No cost**Comments:** The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- Certified true copy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- Tax declaration;
- Current real property tax receipt;
- Building permit application form;
- Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- Locational clearance from the CPDO.

Procedure 11. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)**Time:** 7 days**Cost:** PHP 19,500 (0.1% of estimated project cost)**Comments:** The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 12. Obtain the building permit from the OBO**Time:** 12 days**Cost:** PHP 39,018 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees)**Comments:** After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.**Procedure 13. Receive inspection from the BFP during construction****Time:** 1 day**Cost:** No cost (fees included in procedure 11)**Comments:** The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.**Procedure 14. Receive inspection from the OBO during construction****Time:** 1 day**Cost:** No cost**Comments:** During the construction of the warehouse, the OBO conducts an inspection to ensure that the construction follows the approved building plans and design.**Procedure 15. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the OBO****Time:** 1 day**Cost:** No cost**Comments:** In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- Application for Certificate of Occupancy;
- Duly notarized certificate of completion;
- Construction logbook;
- As-built plans and specifications; and
- Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.

Procedure 16. Apply for the Fire Safety Inspection Certificate (FSIC) and obtain the order of payment at the BFP**Time:** 1 day**Cost:** PHP 3,901 (10% of building permit fees)**Comments:** Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.**Procedure 17. Receive final inspection for the FSIC from the BFP****Time:** 1 day**Cost:** No cost (fees included in procedure 16)**Procedure 18. Obtain the FSIC from the BFP****Time:** 7 days**Cost:** No cost**Procedure 19*. Apply for sanitary inspection certificate at the City Health Office (CHO)****Time:** 1 day**Cost:** PHP 800 (basic fee for commercial)**Procedure 20*. Receive inspection for the sanitary inspection certificate from the CHO****Time:** 1 day**Cost:** No cost**Procedure 21*. Obtain the sanitary inspection certificate from the CHO****Time:** 1 day**Cost:** No cost**Procedure 22*. Receive final inspection for the Certificate of Occupancy and CFEI from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 23)**Comments:** The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.**Procedure 23. Obtain the Certificate of Occupancy and CFEI from the OBO****Time:** 8 days**Cost:** PHP 19,400 (PHP 850,000 - PHP 1,200,000 of the project value is PHP 1,000; every PHP 1,000,000 in excess thereof is PHP 1,000; PHP 150,000 - PHP 400,000 is PHP 400)

Comments: After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.

Procedure 24. Apply for electricity connection at Manila Electric Company (Meralco)

Time: 1 day

Cost: No cost

Comments: The electric company is Meralco. The company visits Meralco to request the connection and submit the CFEI and electrical plans. Meralco conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection.

Procedure 25. Receive inspection for electricity connection from Meralco

Time: 1 day

Cost: No cost

Procedure 26. Obtain electricity connection from Meralco

Time: 56 days

Cost: PHP 564,490 (PHP 35,000 for poles + PHP 334,400 for two 75 kVA transformers + PHP 44,000 for dressings + PHP 6,700 for guying + PHP 144,390 for security deposit)

Procedure 27*. Apply for water and sewage connection at Manila Water Company, Inc. (Manila Water)

Time: 1 day

Cost: No cost

Comments: The water company is Manila Water. The company visits Manila Water to request the connection and inspection takes place within a week. Connection is effected some days after the inspection.

Procedure 28*. Receive inspection for water and sewage connection from Manila Water

Time: 1 day

Cost: No cost

Procedure 29*. Obtain water and sewage connection from Manila Water

Time: 21 days

Cost: PHP 6,855

Procedure 30*. Obtain telephone connection from the telephone company

Time: 5 days

Cost: No cost

Comments: There are three telephone companies providing landline services in Mandaluyong City. These are Philippine Long Distance Co. (PLDT), Globelines and Digitel. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the regular phone line. For Digitel, the cost is PHP 2,500 and there is a lock-in period of 30 months for the regular phone line. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.

Procedure 31*. Apply for the tax declaration of improvement at the CAO

Time: 1 day

Cost: No cost

Comments: The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.

Procedure 32*. Receive inspection for the tax declaration of improvement at the CAO

Time: 1 day

Cost: No cost

Procedure 33*. Obtain the tax declaration of improvement from the CAO

Time: 1 day

Cost: No cost

Comments: The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

MANDAUE

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)

Time: 2 days

Cost: PHP 57 (PHP 30 for the certification + PHP 6 for each additional page (2 pages needed) + PHP 15 documentary stamp tax)

Comments: The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain certified true copy of the tax declaration of real property from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 37 (PHP 22 certification + PHP 15 documentary stamp tax)

Comments: The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.

Procedure 3*. Obtain lot plan with site map from the geodetic engineer

Time: 2 days

Cost: PHP 1,500

Comments: The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.

Procedure 4*. Obtain barangay clearance

Time: 2 days

Cost: PHP 200

Comments: The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.

Procedure 5. Apply for the locational clearance at the City Planning and Development Office (CPDO)

Time: 1 day

Cost: No cost

Comments: The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- Notarized locational clearance application form;
- Barangay clearance;
- Transfer Certificate of Title (TCT);
- Latest real property tax receipt; and
- Architectural plan.

Procedure 6. Notarize the locational clearance application form at the notary

Time: 1 day

Cost: PHP 100

Procedure 7. Receive inspection for the locational clearance from the CPDO**Time:** 1 day**Cost:** No cost (fees included in procedure 8)

Procedure 8. Obtain the locational clearance from the CPDO**Time:** 2 days**Cost:** PHP 24,750 (PHP 5,000 + 1/10 of 1% of the total estimated cost of the project in excess of PHP 2,000,000 + 10% increase)**Comments:** The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.

Procedure 9. Apply for the building permit and ancillary permits at the Office of the Building Official (OBO)**Time:** 1 day**Cost:** No cost**Comments:** The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- a. Certified true copy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- b. Tax declaration;
- c. Current real property tax receipt;
- d. Building permit application form;
- e. Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- f. Locational clearance from the CPDO.

Procedure 10. Get evaluation of and comments on the architectural plans from the OBO**Time:** 1 day**Cost:** No cost (fees included in procedure 17)**Comments:** Upon submitting the required documents for the building permit, the company has to visit different sections to have the plans evaluated and approved.

Procedure 11. Get evaluation of and comments on the civil/structural plans from the OBO**Time:** 1 day**Cost:** No cost (fees included in procedure 17)

Procedure 12. Get evaluation of and comments on the line and grade plans from the OBO**Time:** 1 day**Cost:** No cost (fees included in procedure 17)

Procedure 13. Get evaluation of and comments on the sanitary and plumbing plans from the OBO**Time:** 1 day**Cost:** No cost (fees included in procedure 17)

Procedure 14. Get evaluation of and comments on the electrical plans from the OBO**Time:** 1 day**Cost:** No cost (fees included in procedure 17)

Procedure 15. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)**Time:** 7 days**Cost:** PHP 19,500 (0.1% of estimated project cost)**Comments:** The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 16. Obtain the Mayor's clearance from the City Mayor's Office (CMO)**Time:** 1 day**Cost:** No cost (fees included in procedure 17)**Comments:** The Mayor's clearance is a local procedure (Executive Order No. 10 S-2006) that requires applicants of building permit with an estimated project cost of PHP 500,000 and above to go to the Mayor's office for notation.

Procedure 17. Obtain the building permit from the OBO**Time:** 8 days**Cost:** PHP 39,018 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees)**Comments:** After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.

Procedure 18. Receive inspection from the BFP during construction**Time:** 1 day**Cost:** No cost (fees included in procedure 15)**Comments:** The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.

Procedure 19. Receive inspection from the OBO during construction**Time:** 1 day**Cost:** No cost (fees included in procedure 17)**Comments:** During the construction of the warehouse, the OBO conducts an inspection to ensure that the construction follows the approved building plans and design.

Procedure 20. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the OBO**Time:** 1 day**Cost:** No cost**Comments:** In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- a. Application for Certificate of Occupancy;
- b. Duly notarized certificate of completion;
- c. Construction logbook;
- d. As-built plans and specifications; and
- e. Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.

Procedure 21. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP**Time:** 1 day**Cost:** PHP 3,901 (10% of building permit fees)

Comments: Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 22. Receive final inspection for the FSIC from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 21)

Procedure 23. Obtain the FSIC from the BFP

Time: 3 days

Cost: No cost

Procedure 24. Receive final inspection for the Certificate of Occupancy and CFEI from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 25)

Comments: The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.

Procedure 25. Obtain the Certificate of Occupancy and CFEI from the OBO

Time: 10 days

Cost: PHP 19,000 (PHP 1,000 for the first PHP 1,200,000 of the project value; PHP 1,000 for every PHP 1,000,000 in excess thereof. If excess is less than PHP 500,000, there is no charge; but if more than PHP 500,000, the cost is PHP 1,000)

Comments: After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.

Procedure 26. Apply for electricity connection at Visayan Electric Company (VECO)

Time: 1 day

Cost: No cost

Comments: The company visits VECO to apply for the connection and submit the CFEI and electrical plans. VECO technical staff inspects the warehouse. The cost of the transformers is PHP 118,644 per transformer (three needed). The total project cost is PHP 433,123 and is refunded after one year.

Procedure 27. Receive inspection for electricity connection from VECO

Time: 1 day

Cost: No cost

Procedure 28. Obtain electricity connection from VECO

Time: 19 days

Cost: No cost

Procedure 29*. Apply for water connection at Metro Cebu Water District (MCWD)

Time: 1 day

Cost: PHP 4,950 (installation fee paid during application)

Procedure 30*. Receive inspection for water connection from MCWD

Time: 1 day

Cost: No cost

Procedure 31*. Obtain water connection from MCWD

Time: 15 days

Cost: No cost

Procedure 32*. Obtain telephone connection from the telephone company

Time: 5 days

Cost: No cost

Comments: There are three telephone companies providing landline services in Mandaue City. The cost is PHP 1,500 for Philippine Long Distance Co. (PLDT), and PHP 999 for Bayantel. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the three providers. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.

Procedure 33*. Apply for the tax declaration of improvement at the CAO

Time: 1 day

Cost: No cost

Comments: The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.

Procedure 34*. Receive inspection from the Appraiser of CAO

Time: 1 day

Cost: No cost

Procedure 35*. Obtain the tax declaration of improvement from the CAO

Time: 1 day

Cost: No cost

Comments: The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

MANILA

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)

Time: 5 days

Cost: PHP 57 (PHP 30 for the certification + PHP 6 for each additional page (2 pages needed) + PHP 15 documentary stamp tax)

Comments: The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain certified true copy of the tax declaration of real property and tax clearance from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 60

Comments: The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.

Procedure 3*. Obtain lot plan with site map from the geodetic engineer

Time: 3 days

Cost: PHP 1,000

Comments: The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.

Procedure 4. Obtain barangay clearance

Time: 2 days

Cost: PHP 100

Comments: The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.

Procedure 5. Obtain locational clearance from the City Planning and Development Office (CPDO)

Time: 20 days

Cost: PHP 8,279 (PHP 5 per square meter for land use fee + 25% service processing fee + PHP 150 application fee)

Comments: The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- Notarized locational clearance application form;
- Barangay clearance;
- Transfer Certificate of Title (TCT);
- Latest real property tax receipt;
- Architectural plan; and
- Other documents required by the city.

Procedure 6. Apply for the building permit and ancillary permits at the Office of the Building Official (OBO)

Time: 1 day

Cost: No cost

Procedure 7. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)

Time: 1 day

Cost: PHP 19,500 (0.1% of estimated project cost)

Comments: The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

The City Fire Marshall evaluates one set of plans and specifications submitted by the applicant to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 8. Obtain the building permit and ancillary permits at the OBO

Time: 63 days

Cost: PHP 39,733 (PHP 600 PHP filing fee + PHP 115 for location with respect to abutment to street specific charge + PHP 30 per square meter)

Comments: The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- Certified true copy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- Tax declaration;
- Current real property tax receipt;
- Building permit application form;
- Five sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- Locational clearance from the CPDO.

Procedure 9. Notarize the building permit application form at the notary

Time: 1 day

Cost: PHP 200

Comments: The applications mentioned in the previous procedure should be duly notarized. While submitting the application itself may be free of charge, the notarization could cost about PHP 200, fixed and based on a Supreme Court circular strictly regulating the practice of notaries.

Procedure 10. Receive inspection from the OBO during construction

Time: 1 day

Cost: No cost

Comments: During the construction of the warehouse, the OBO conducts an inspection to ensure that the construction follows the approved building plans and design.

Procedure 11. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the OBO

Time: 1 day

Cost: No cost

Comments: In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- Certificate of completion for mechanical;
- Original logbook signed and sealed by Engineer-in-Charge of construction;
- As-built plan signed and sealed by Engineer-in-Charge in case;
- Electrical plan/sketch duly signed and sealed by Professional Electrical Engineer; and
- Insulation/Merger test result for electrical works.

Requirements for CFEI:

- Duly accomplished electrical permit application form;
- Tax declaration/TCT; and
- Current tax receipt.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO.

Procedure 12. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP

Time: 1 day

Cost: PHP 4,801 (10% of all fees charged by the Building Official)

Comments: Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 13. Receive final inspection for the FSIC from the BFP

Time: 1 day

Cost: No cost

Procedure 14. Obtain the FSIC from the BFP

Time: 14 days

Cost: No cost

Procedure 15*. Receive final inspection for the certificate of occupancy and CFEI from the OBO

Time: 1 day

Cost: No cost

Comments: The OBO conducts a final inspection to check the building based on the Certificate of Completion, construction logbook, building inspection sheets, original and as-built plans and specifications.

Procedure 16*. Obtain the Certificate of Occupancy and CFEI from the OBO

Time: 10 days

Cost: PHP 3,122

Comments: After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the certificate of occupancy after the applicant has paid the corresponding fees.

Procedure 17. Apply for electricity connection from Manila Electric Company (Meralco)

Time: 1 day

Cost: No cost

Comments: The electric company is Meralco. The company visits Meralco to request the connection and submit the CFEI and electrical plans. Meralco conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection.

Procedure 18. Receive electricity inspection

Time: 1 day

Cost: No cost

Procedure 19. Obtain electricity connection from MERALCO**Time:** 56 days**Cost:** PHP 564,490 (PHP 35,000 for poles + PHP 334,400 for two 75 kVA transformers + PHP 44,000 for dressings + PHP 6,700 for guying + PHP 144,390 for security deposit)**Comments:** The electric company is Manila Electric Company (Meralco). The company visits Meralco to request the connection and submit the certificate of electrical inspection and electrical plans. Meralco conducts an inspection of the warehouse and in the following weeks the technical staff visit the site for the electricity connection.**Procedure 20*. Apply for water and sewage connection from Maynilad Water Services, Inc. (Maynilad)****Time:** 1 day**Cost:** PHP 6,411**Comments:** The water company is Maynilad. The company visits Maynilad to request the connection and inspection takes place in a week. Maynilad subcontracts the installation to a contractor and the time of actual installation depends on the contractor.**Procedure 21*. Receive inspection for water connection from Maynilad****Time:** 1 day**Cost:** No cost**Procedure 22*. Obtain water and sewage connection from Maynilad****Time:** 30 days**Cost:** No cost**Procedure 23*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** PHP 1,500**Comments:** There are three telephone companies providing landline services in Manila City. The cost is PHP 1,500 for Philippine Long Distance Co. (PLDT), and PHP 999 for Bayantel. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the three providers. The case study assumes that the company will request services from Globelines as this is the option most favorable to the company.**Procedure 24*. Apply for the tax declaration of improvement at the CAO****Time:** 1 day**Cost:** No cost**Comments:** The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and certificate of occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.**Procedure 25*. Receive inspection from the Appraiser of CAO****Time:** 1 day**Cost:** No cost**Procedure 26*. Obtain tax declaration of improvement at CAO****Time:** 1 day**Cost:** No cost**Comments:** The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

MARIKINA*Warehouse value: PHP 19,500,000 = USD 418,528**Data as of: June 2010***Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)****Time:** 1 day**Cost:** PHP 160 (PHP 30 for the certification + PHP 6 for each additional page (4 pages needed) + PHP 112 IT fee)**Comments:** The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.**Procedure 2*. Obtain certified true copy of the tax declaration of real property from the City Assessor's Office (CAO)****Time:** 1 day**Cost:** PHP 50**Comments:** The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.**Procedure 3*. Obtain lot plan with site map from the geodetic engineer****Time:** 3 days**Cost:** PHP 1,000**Comments:** The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.**Procedure 4*. Obtain barangay clearance****Time:** 2 days**Cost:** PHP 500**Comments:** The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.**Procedure 5. Apply for the locational clearance, building permit and ancillary permits at the Office of the Building Official (OBO)****Time:** 1 day**Cost:** No cost**Comments:** The Receiving Section of the OBO receives the applications and assigns a bar code number. The applicant is asked to return after five to seven days to pick up the locational clearance and building permit.

The locational clearance confirms that the intended land use conforms to the local government's zoning ordinances. If the OBO finds that the project does not conform to land use, it automatically terminates the processing of the building permit.

The applicant must submit the following requirements:

- a. Notarized locational clearance application form;
- b. Barangay clearance;
- c. Transfer Certificate of Title (TCT);
- d. Latest real property tax receipt; and
- e. Architectural plan.

Procedure 6. Receive inspection for the locational clearance from the OBO**Time:** 1 day**Cost:** No cost (fees included in procedure 7)**Procedure 7. Obtain the locational clearance from the OBO****Time:** 1 day**Cost:** PHP 1,940 (PHP 1,000 + 1/10 of 1% in excess of PHP 100,000)**Comments:** The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the OBO.

Procedure 8. Notarize the building permit application form at the notary

Time: 1 day

Cost: PHP 100

Procedure 9. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)

Time: 2 days

Cost: PHP 19,500 (0.1% of the estimated project cost)

Comments: The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 10. Obtain the building permit from the OBO

Time: 11 days

Cost: PHP 39,018 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees)

Comments: The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- Certified true copy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- Tax declaration;
- Current real property tax receipt;
- Building permit application form;
- Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- Locational clearance from the CPDO.

Procedure 11. Receive inspection from the BFP during construction

Time: 1 day

Cost: No cost (fees included in procedure 9)

Comments: The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.

Procedure 12. Receive inspection from the OBO during construction

Time: 1 day

Cost: No cost (fees included in procedure 10)

Comments: During the construction of the warehouse, the OBO conducts an inspection to ensure that the construction follows the approved building plans and design.

Procedure 13. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the OBO

Time: 1 day

Cost: No cost

Comments: In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- Application for Certificate of Occupancy;
- Duly notarized certificate of completion;
- Construction logbook;

d. As-built plans and specifications; and

e. Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.

Procedure 14. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP

Time: 1 day

Cost: PHP 1,930 (10% of certificate of occupancy fees)

Comments: Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 15. Receive final inspection for the FSIC from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 14)

Comments: The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.

Procedure 16. Obtain the FSIC from the BFP

Time: 2 days

Cost: No cost

Comments: After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.

Procedure 17. Receive final inspection for the Certificate of Occupancy and CFEI from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 18)

Procedure 18. Obtain the Certificate of Occupancy and CFEI from the OBO

Time: 3 days

Cost: PHP 19,300 (PHP 1,000 for every PHP 1,200,000 of the project value; PHP 1,000 for every million in excess thereof)

Procedure 19. Apply for electricity connection at Manila Electric Company (Meralco)

Time: 1 day

Cost: No cost

Comments: The electric company is Meralco. The company visits Meralco to request the connection and submit the CFEI and electrical plans. Meralco conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection.

Procedure 20. Receive inspection for electricity connection from Meralco

Time: 1 day

Cost: No cost

Procedure 21. Obtain electricity connection from Meralco

Time: 56 days

Cost: PHP 564,490 (PHP 35,000 for poles + PHP 334,400 for two 75 kVA transformers + PHP 44,000 for dressings + PHP 6,700 for guying + PHP 144,390 for security deposit)

Procedure 22*. Apply for water and sewage connection at Manila Water Company, Inc. (Manila Water)

Time: 1 day

Cost: No cost

Comments: The water company is Manila Water. The company visits Manila Water to request the connection and inspection takes place within a week. Connection is effected some days after the inspection.

Procedure 23*. Receive inspection for water and sewage connection from Manila Water

Time: 1 day

Cost: No cost

Procedure 24*. Obtain water and sewage connection from Manila Water

Time: 21 days

Cost: PHP 6,855 (PHP 35,000 for poles + PHP 334,400 for two 75 kVA transformers + PHP 44,000 for dressings + PHP 6,700 for guying + PHP 144,390 for security deposit)

Procedure 25*. Obtain telephone connection from the telephone company

Time: 5 days

Cost: No cost

Comments: There are three telephone companies providing landline services in Marikina City. These are Philippine Long Distance Co. (PLDT), Globelines and Digitel. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the regular phone line. For Digitel, the cost is PHP 2,500 and there is a lock-in period of 30 months for the regular phone line. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.

Procedure 26*. Apply for the tax declaration of improvement at the CAO

Time: 1 day

Cost: No cost

Comments: The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.

Procedure 27*. Receive inspection from the Appraiser of CAO

Time: 1 day

Cost: No cost

Procedure 28*. Obtain tax declaration of improvement from the CAO

Time: 1 day

Cost: No cost

Comments: The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

MUNTINLUPA

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)

Time: 2 days

Cost: PHP 57 (PHP 30 for the certification + PHP 6 for each additional page (2 pages needed) + PHP 15 documentary stamp tax)

Comments: The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain certified true copy of the tax declaration of real property from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 50

Comments: The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.

Procedure 3*. Obtain lot plan with site map from the geodetic engineer

Time: 3 days

Cost: PHP 2,000

Comments: The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.

Procedure 4*. Obtain barangay clearance

Time: 2 days

Cost: PHP 500

Comments: The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.

Procedure 5. Apply for the locational clearance at the City Zoning Administration Office (CZAO)

Time: 1 day

Cost: No cost

Comments: The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- Barangay clearance;
- Transfer Certificate of Title (TCT);
- Latest real property tax receipt;
- Fault line survey report; and
- Architectural plan.

Procedure 6. Apply for fault line survey report at Muntinlupa City Disaster Coordinating Council (MCDCC)

Time: 1 day

Cost: No cost

Comments: The company requests a fault line survey report from MCDCC. MCDCC inspects the site to check whether the construction is within the fault line zone. If the building is within the fault line zone, MCDCC will advise the company to move in a buffer zone, which is 5 meters away from the fault line zone.

Procedure 7. Receive inspection for the fault line survey report from MCDCC

Time: 1 day

Cost: No cost

Procedure 8. Receive inspection for the locational clearance from the CZAO

Time: 1 day

Cost: No cost

Procedure 9. Obtain the locational clearance from the CZAO

Time: 3 days

Cost: PHP 12,368 (based on amended Zoning Ordinance of June 2008. PHP 175 filing fee + PHP 7.5 per square meter for land use fee + 25% of land use fee for processing fee)

Comments: The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CZAO.

Procedure 10. Apply for the building permit and ancillary permits at the Office of the Building Official (OBO)

Time: 1 day

Cost: No cost

Comments: The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- a. Certified true copy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- b. Tax declaration;
- c. Current real property tax receipt;
- d. Building permit application form;
- e. Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- f. Locational clearance from the CZAQ.

Procedure 11. Notarize the building permit application form at the notary

Time: 1 day

Cost: PHP 100

Procedure 12. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)

Time: 7 days

Cost: PHP 19,500 (0.1% of estimated project cost)

Comments: The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 13. Obtain the building permit from the OBO

Time: 13 days

Cost: PHP 39,018 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees)

Comments: After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.

Procedure 14. Receive inspection from the BFP during construction

Time: 1 day

Cost: No cost (fees included in procedure 12)

Comments: The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.

Procedure 15. Receive inspection from the OBO during construction

Time: 1 day

Cost: No cost (fees included in procedure 13)

Comments: During the construction of the warehouse, the OBO conducts an inspection to ensure that the construction follows the approved building plans and design.

Procedure 16. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the OBO

Time: 1 day

Cost: No cost

Comments: In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- a. Application for Certificate of Occupancy;

b. Duly notarized certificate of completion;

c. Construction logbook;

d. As-built plans and specifications; and

e. Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.

Procedure 17. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP

Time: 1 day

Cost: PHP 3,901 (10% of building permit fees)

Comments: Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 18. Receive final inspection for the FSIC from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 17)

Procedure 19. Obtain the FSIC from the BFP

Time: 2 days

Cost: No cost

Procedure 20. Receive final inspection for the Certificate of Occupancy and CFEI from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 21)

Comments: The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.

Procedure 21. Obtain the Certificate of Occupancy and CFEI from the OBO

Time: 8 days

Cost: PHP 19,500 (PHP 1,000 per PHP 1,000,000 of the project value)

Comments: After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.

Procedure 22. Apply for electricity connection at Manila Electric Company (Meralco)

Time: 1 day

Cost: No cost

Comments: The electric company is Meralco. The company visits Meralco to request the connection and submit the CFEI and electrical plans. Meralco conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection.

Procedure 23. Receive inspection for electricity connection from Meralco

Time: 1 day

Cost: No cost

Procedure 24. Obtain electricity connection from Meralco

Time: 56 days

Cost: PHP 564,490 (PHP 35,000 for poles + PHP 334,400 for two 75 kVA transformers + PHP 44,000 for dressings + PHP 6,700 for guying + PHP 144,390 for security deposit)

Procedure 25*. Apply for water and sewage connection at Maynilad Water Services, Inc. (Maynilad)**Time:** 1 day**Cost:** No cost

Comments: The water company is Maynilad. The company visits Maynilad to request the connection and inspection takes place within a week. Maynilad subcontracts the installation with a contractor and the time of actual installation depends on the contractor.

Procedure 26*. Receive inspection for water and sewage connection from Maynilad**Time:** 1 day**Cost:** No cost**Procedure 27*. Obtain water and sewage connection from Maynilad****Time:** 30 days**Cost:** PHP 7,455**Procedure 28*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** No cost

Comments: There are three telephone companies providing landline services in Muntinlupa City. These are Philippine Long Distance Co. (PLDT), Globelines and Digitel. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the regular phone line. For Digitel, the cost is PHP 2,500 and there is a lock-in period of 30 months for the regular phone line. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.

Procedure 29*. Apply for the tax declaration of improvement at the CAO**Time:** 1 day**Cost:** No cost

Comments: The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.

Procedure 30*. Receive inspection from the Appraiser of CAO**Time:** 1 day**Cost:** No cost**Procedure 31*. Obtain the tax declaration of improvement from the CAO****Time:** 1 day**Cost:** No cost

Comments: The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

NAVOTAS

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)**Time:** 2 days

Cost: PHP 57 (PHP 30 for the certification + PHP 6 for each additional page (2 pages needed) + PHP 15 documentary stamp tax)

Comments: The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain certified true copy of the tax declaration of real property from the City Assessor's Office (CAO)**Time:** 1 day

Cost: PHP 75 (PHP 30 verification fee + PHP 30 certification + PHP 15 documentary stamp tax)

Comments: The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.

Procedure 3*. Obtain lot plan with site map from the geodetic engineer**Time:** 2 days**Cost:** PHP 1,500

Comments: The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.

Procedure 4*. Obtain barangay clearance**Time:** 2 days**Cost:** PHP 200

Comments: The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.

Procedure 5. Apply for the building permit and ancillary permits at the Office of the Building Official (OBO)**Time:** 1 day**Cost:** No cost

Comments: The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- Certified true copy of Original Certificate of Title (OCT)/Transfer Certificate of Title (TCT) on file with the Registry of Deeds;
- Tax declaration;
- Current real property tax receipt;
- Building permit application form; and
- Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies).

Procedure 6. Notarize the building permit application form at the notary**Time:** 1 day**Cost:** PHP 100**Procedure 7. Apply for the locational clearance at the City Planning and Development Office (CPDO)****Time:** 1 day**Cost:** No cost

Comments: The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- Barangay clearance;
- TCT;
- Latest real property tax receipt; and
- Architectural plan.

Procedure 8. Obtain the locational clearance from the CPDO**Time:** 7 days

Cost: PHP 13,056 (PHP 10 per square meter + PHP 50 processing fee)

Comments: The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.

Procedure 9*. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)

Time: 9 days

Cost: PHP 19,500 (0.1% of estimated project cost)

Comments: The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 10. Obtain the building permit from the OBO

Time: 9 days

Cost: PHP 39,018 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees)

Comments: After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.

Procedure 11. Receive inspection from the BFP during construction

Time: 1 day

Cost: No cost (fees included in procedure 9)

Comments: The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.

Procedure 12. Receive inspection from the OBO during construction

Time: 1 day

Cost: No cost (fees included in procedure 10)

Comments: During the construction of the warehouse, the OBO conducts an inspection to ensure that the construction follows the approved building plans and design.

Procedure 13. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the OBO

Time: 1 day

Cost: No cost

Comments: In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- Application for Certificate of Occupancy;
- Duly notarized certificate of completion;
- Construction logbook;
- As-built plans and specifications; and
- Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.

Procedure 14. Apply for the Fire Safety Inspection Certificate (FSIC) and obtain the order of payment from the BFP

Time: 1 day

Cost: PHP 3,901 (10% of building permit fees)

Comments: Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 15. Receive final inspection for the FSIC from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 14)

Procedure 16. Obtain the FSIC from the BFP

Time: 3 days

Cost: No cost

Procedure 17. Receive final inspection for the Certificate of Occupancy and CFEI from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 18)

Comments: The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.

Procedure 18. Obtain the Certificate of Occupancy and CFEI from the OBO

Time: 13 days

Cost: PHP 20,000 (PHP 1,000 per PHP 1,000,000 of the project value)

Comments: After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.

Procedure 19. Apply for electricity connection at Manila Electric Company (Meralco)

Time: 1 day

Cost: No cost

Comments: The electric company is Meralco. The company visits Meralco to request the connection and submit the CFEI and electrical plans. Meralco conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection.

Procedure 20. Receive inspection for electricity connection from Meralco

Time: 1 day

Cost: No cost

Procedure 21. Obtain electricity connection from Meralco

Time: 56 days

Cost: PHP 564,490 (PHP 35,000 for poles + PHP 334,400 for two 75 kVA transformers + PHP 44,000 for dressings + PHP 6,700 for guying + PHP 144,390 for security deposit)

Procedure 22*. Apply for water and sewage connection at Maynilad Water Services, Inc. (Maynilad)

Time: 1 day

Cost: No cost

Comments: The water company is Maynilad. The company visits Maynilad to request the connection and inspection takes place within a week. Connection is effected some days after the inspection.

Procedure 23*. Receive inspection for water and sewage connection from Maynilad

Time: 1 day

Cost: No cost

Procedure 24*. Obtain water and sewage connection from Maynilad

Time: 30 days

Cost: PHP 7,455

Procedure 25*. Obtain telephone connection from the telephone company**Time:** 5 days**Cost:** No cost

Comments: There are three telephone companies providing landline services in Navotas City. These are Philippine Long Distance Co. (PLDT), Globelines, and Digitel. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the regular phone line. For Digitel, the cost is PHP 2,500 and there is a lock-in period of 30 months for the regular phone line. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.

Procedure 26*. Apply for the tax declaration of improvement at the CAO**Time:** 1 day**Cost:** No cost

Comments: The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.

Procedure 27*. Receive inspection from the Appraiser of CAO**Time:** 1 day**Cost:** No cost**Procedure 28*. Obtain the tax declaration of improvement from the CAO****Time:** 12 days**Cost:** No cost

Comments: The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

PARAÑAQUE

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)**Time:** 1 day

Cost: PHP 160 (PHP 30 for the certification + PHP 6 for each additional page (4 pages needed) + PHP 112 IT fee)

Comments: The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain certified true copy of the tax declaration of real property from the City Assessor's Office (CAO)**Time:** 1 day**Cost:** PHP 50

Comments: The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.

Procedure 3*. Obtain lot plan with site map from the geodetic engineer**Time:** 3 days**Cost:** PHP 1,500

Comments: The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.

Procedure 4*. Obtain barangay clearance**Time:** 2 days**Cost:** PHP 350

Comments: The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.

Procedure 5. Apply for the locational clearance at the City Planning and Development Office (CPDO)**Time:** 1 day**Cost:** No cost

Comments: The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- Barangay clearance;
- Transfer Certificate of Title (TCT);
- Latest real property tax receipt; and
- Architectural plan.

Procedure 6. Obtain the locational clearance from the CPDO**Time:** 4 days

Cost: PHP 30,288 (PHP 15 per square meter for land use fee + PHP 500 filing fee + 25% of land use fee + PHP 4 per square meter for open space + PHP 200 processing fee)

Comments: The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.

Procedure 7. Apply for the building permit and ancillary permits at the Office of the Building Official (OBO)**Time:** 1 day**Cost:** PHP 500 (filing fee)

Comments: The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- Certified true copy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- Tax declaration;
- Current real property tax receipt;
- Building permit application form;
- Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- Locational clearance from the CPDO.

The city is using the old building permit application forms not requiring notarization.

Procedure 8. Get evaluation of and comments on the architectural plans from the OBO**Time:** 1 day**Cost:** No cost (fees included in procedure 14)

Comments: Upon submitting the required documents for the building permit, the company has to visit different sections to have the plans evaluated and approved.

Procedure 9. Get evaluation of and comments on the civil/structural plans from the OBO**Time:** 1 day**Cost:** No cost (fees included in procedure 14)**Procedure 10. Get evaluation of and comments on the line and grade plans from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 14)

Procedure 11. Get evaluation of and comments on the sanitary and plumbing plans from the OBO**Time:** 1 day**Cost:** No cost (fees included in procedure 14)**Procedure 12. Get evaluation of and comments on the electrical plans from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 14)**Procedure 13. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)****Time:** 4 days**Cost:** PHP 19,500 (0.1% of estimated project cost)**Comments:** The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 14. Obtain the building permit from the OBO**Time:** 16 days**Cost:** PHP 39,018 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees)**Comments:** After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.**Procedure 15. Receive inspection from the BFP during construction****Time:** 1 day**Cost:** No cost (fees included in procedure 13)**Comments:** The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.**Procedure 16. Receive inspection from the OBO during construction****Time:** 1 day**Cost:** No cost (fees included in procedure 14)**Comments:** During the construction of the warehouse, the OBO conducts an inspection to ensure that the construction follows the approved building plans and design.**Procedure 17. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the OBO****Time:** 1 day**Cost:** No cost**Comments:** In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- a. Application for Certificate of Occupancy;
- b. Duly notarized certificate of completion;
- c. Construction logbook;
- d. As-built plans and specifications; and
- e. Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.

Procedure 18. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP**Time:** 1 day**Cost:** PHP 5,972 (10% of building permit and certificate of occupancy fees)**Comments:** Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.**Procedure 19. Receive final inspection for the FSIC from the BFP****Time:** 1 day**Cost:** No cost (fees included in procedure 18)**Procedure 20. Obtain the FSIC from the BFP****Time:** 2 days**Cost:** No cost**Procedure 21. Receive final inspection for the Certificate of Occupancy and CFEI from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 22)**Comments:** The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.**Procedure 22. Obtain the Certificate of Occupancy and CFEI from the OBO****Time:** 5 days**Cost:** PHP 20,700 (PHP 200 inspection fee + PHP 1,000 per PHP 1,000,000 of the project + PHP 500 filing fee)**Comments:** After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.**Procedure 23. Apply for electricity connection at Manila Electric Company (Meralco)****Time:** 1 day**Cost:** No cost**Comments:** The electric company is Meralco. The company visits Meralco to request the connection and submit the CFEI and electrical plans. Meralco conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection.**Procedure 24. Receive inspection for electricity connection from Meralco****Time:** 1 day**Cost:** No cost**Procedure 25. Obtain electricity connection from Meralco****Time:** 56 days**Cost:** PHP 564,490 (PHP 35,000 for poles + PHP 334,400 for two 75 kVA transformers + PHP 44,000 for dressings + PHP 6,700 for guying + PHP 144,390 for security deposit)**Procedure 26*. Apply for water and sewage connection at Maynilad Water Services, Inc. (Maynilad)****Time:** 1 day**Cost:** No cost**Comments:** The water company is Maynilad. The company visits Maynilad to request the connection and inspection takes place within a week. Connection is effected some days after the inspection.

Procedure 27*. Receive inspection for water and sewage connection from Maynilad**Time:** 1 day**Cost:** No cost**Procedure 28*. Obtain water and sewage connection from Maynilad****Time:** 30 days**Cost:** PHP 7,455**Procedure 29*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** No cost

Comments: There are three telephone companies providing landline services in Parañaque City. These are Philippine Long Distance Co. (PLDT), Globelines, and Digitel. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the regular phone line. For Digitel, the cost is PHP 2,500 and there is a lock-in period of 30 months for the regular phone line. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.

Procedure 30*. Obtain the tax declaration of improvement from the CAO**Time:** 9 days**Cost:** No cost

Comments: The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

PASAY

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)**Time:** 1 day**Cost:** PHP 160 (PHP 30 for the certification + PHP 6 for each additional page (4 pages needed) + PHP 112 IT fee)

Comments: The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain certified true copy of the tax declaration of real property and tax clearance from the City Assessor's Office (CAO)**Time:** 1 day**Cost:** PHP 135 (PHP 120 tax clearance + PHP 15 documentary stamp tax)

Comments: The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.

Procedure 3*. Obtain lot plan with site map from the geodetic engineer**Time:** 3 days**Cost:** PHP 1,000

Comments: The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.

Procedure 4*. Obtain barangay clearance**Time:** 2 days**Cost:** PHP 100

Comments: The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.

Procedure 5. Apply for the locational clearance at the City Planning and Development Office (CPDO)**Time:** 1 day**Cost:** No cost

Comments: The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- Notarized locational clearance application form;
- Barangay clearance;
- Transfer Certificate of Title (TCT);
- Latest real property tax receipt;
- Architectural plan;
- Photographs of the site;
- Vicinity/location map/lot plan duly signed and sealed by geodetic engineer; and
- Environmental Compliance Certificate (ECC) or Certificate of Non-Coverage (CNC).

Procedure 6. Notarize the locational clearance application form at the notary**Time:** 1 day**Cost:** PHP 100**Procedure 7. Obtain the Certificate of Non-Coverage (CNC) from the Laguna Lake Development Authority (LLDA)****Time:** 1 day**Cost:** PHP 600

Comments: An Environmental Compliance Certificate (ECC) is required of a proposed project if it will pose environmental hazards. If it will not, the company should get a Certificate of Non-Coverage (CNC) from LLDA that certifies that the project is exempted from obtaining an ECC.

Because Pasay City is an environmentally critical area, the CPDO requires commercial projects such as warehouses with a floor area of more than 1,000 square meters to apply for an ECC or CNC prior to issuance of locational clearance.

Procedure 8. Receive inspection for the locational clearance from the CPDO**Time:** 1 day**Cost:** No cost (fees included in procedure 9)**Procedure 9. Obtain the locational clearance from the CPDO****Time:** 3 days**Cost:** PHP 8,629 (PHP 5 per square meter for land use fee + 25% of land use fee + PHP 300 inspection fee + PHP 200 application fee)

Comments: The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.

Procedure 10*. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)**Time:** 7 days**Cost:** PHP 19,500 (0.1% of estimated project cost)

Comments: The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

The City Fire Marshall evaluates one set of plans and specifications submitted by the applicant to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 11. Apply and obtain the building permit and ancillary permits at the Office of the Building Official (OBO)

Time: 12 days

Cost: PHP 39,018 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees)

Comments: The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- Certified true copy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- Tax declaration;
- Current real property tax receipt;
- Building permit application form;
- Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents);
- Locational clearance from the CPDO;
- FSEC; and
- CNC.

After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.

Procedure 12. Receive inspection from the BFP during construction

Time: 1 day

Cost: No cost (fees included in procedure 10)

Comments: The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.

Procedure 13. Receive inspection from the OBO during construction

Time: 1 day

Cost: No cost (fees included in procedure 11)

Comments: During the construction of the warehouse, the OBO conducts an inspection to ensure that the construction follows the approved building plans and design.

Procedure 14. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the OBO

Time: 1 day

Cost: No cost

Comments: In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- Application for Certificate of Occupancy;
- Duly notarized certificate of completion;
- Construction logbook;
- As-built plans and specifications;
- Certificate of conformance; and
- Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.

Procedure 15. Obtain certificate of conformance (prior to occupancy) from the CPDO

Time: 1 day

Cost: PHP 800 (PHP 600 + PHP 200 inspection fee)

Comments: The certificate of conformance (prior to occupancy) is issued by the CPDO/Zoning Administrator prior to the issuance of the certificate of occupancy by the OBO to make sure that the construction of the building with particular description is allowed within a certain area/locality.

The applicant must submit the following requirements:

- Certificate of completion;
- Photocopy of the locational clearance;
- Photo of the built structure; and
- Approved plan (if necessary).

Procedure 16*. Receive inspection for the certificate of conformance from the CPDO

Time: 1 day

Cost: No cost

Comments: CPDO inspects the site to see whether the architectural plan was followed or not.

Procedure 17*. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP

Time: 1 day

Cost: PHP 3,901 (10% of building permit fees)

Comments: Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 18*. Receive final inspection for the FSIC from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 17)

Procedure 19*. Obtain the FSIC from the BFP

Time: 13 days

Cost: No cost

Procedure 20. Receive final inspection for the Certificate of Occupancy and CFEI from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 21)

Comments: The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.

Procedure 21. Obtain the Certificate of Occupancy and CFEI from the OBO

Time: 13 days

Cost: PHP 20,000 (PHP 1,000 per PHP 1,000,000 of the project value)

Comments: After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.

Procedure 22. Apply for electricity connection at Manila Electric Company (Meralco)

Time: 1 day

Cost: No cost

Comments: The electric company is Meralco. The company visits Meralco to request the connection and submit the CFEI and electrical plans. Meralco conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection.

Procedure 23. Receive inspection for electricity connection from Meralco

Time: 1 day

Cost: No cost

Procedure 24. Obtain electricity connection from Meralco

Time: 56 days

Cost: PHP 564,490 (PHP 35,000 for poles + PHP 334,400 for two 75 kVA transformers + PHP 44,000 for dressings + PHP 6,700 for guying + PHP 144,390 for security deposit)

Procedure 25*. Apply for water and sewage connection at Maynilad Water Services, Inc. (Maynilad)**Time:** 1 day**Cost:** No cost

Comments: The water company is Maynilad. The company visits Maynilad to request the connection and inspection takes place within a week. Maynilad subcontracts the installation with a contractor and the time of actual installation depends on the contractor.

Procedure 26*. Receive inspection for water and sewage connection from Maynilad**Time:** 1 day**Cost:** No cost**Procedure 27*. Obtain water and sewage connection from Maynilad****Time:** 30 days**Cost:** PHP 7,455**Procedure 28*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** No cost

Comments: There are three telephone companies providing landline services in Pasay City. These are Philippine Long Distance Co. (PLDT), Globelines and Digitel. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the regular phone line. For Digitel, the cost is PHP 2,500 and there is a lock-in period of 30 months for the regular phone line. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.

Procedure 29*. Apply for the tax declaration of improvement at the CAO**Time:** 1 day**Cost:** No cost

Comments: The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.

Procedure 30*. Receive inspection from the Appraiser of CAO**Time:** 1 day**Cost:** No cost**Procedure 31*. Obtain the tax declaration of improvement from the CAO****Time:** 1 day**Cost:** No cost

Comments: The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

PASIG

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)**Time:** 3 days

Cost: PHP 160 (PHP 30 for the certification + PHP 6 for each additional page (4 pages needed) + PHP 112 IT fee)

Comments: The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain certified true copy of the tax declaration of real property from the City Assessor's Office (CAO)**Time:** 1 day**Cost:** PHP 45 (PHP 30 for the certificate + PHP 15 documentary stamp tax)

Comments: The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.

Procedure 3*. Obtain lot plan with site map from the geodetic engineer**Time:** 4 days**Cost:** PHP 1,250

Comments: The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.

Procedure 4*. Obtain barangay clearance**Time:** 2 days**Cost:** PHP 225

Comments: The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.

Procedure 5. Apply for the locational clearance at the City Planning and Development Office (CPDO)**Time:** 1 day**Cost:** No cost

Comments: The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- Notarized locational clearance application form;
- Barangay clearance;
- Transfer Certificate of Title (TCT);
- Latest real property tax receipt; and
- Architectural plan.

Procedure 6. Notarize the locational clearance application form at the notary**Time:** 1 day**Cost:** PHP 100**Procedure 7. Receive inspection for the locational clearance from the CPDO****Time:** 1 day**Cost:** No cost (fees included in procedure 8)**Procedure 8. Obtain the locational clearance from the CPDO****Time:** 13 days**Cost:** PHP 2,646 (PHP 2 per square meter + PHP 45 processing fee)

Comments: The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.

Procedure 9. Obtain the environmental clearance from the City Environment and Natural Resources Office (City ENRO)**Time:** 3 days**Cost:** No cost

Comments: As per memorandum of the City Administrator, applications for building permit require an Environmental Clearance from the City Environment and Natural Resources Office (City ENRO). Cost is based on the number, species, and size of trees that have to be cut in the project site. The application form should be duly notarized.

Procedure 10. Notarize the environmental clearance application form at the notary**Time:** 1 day**Cost:** PHP 100

Procedure 11. Apply for the building permit and ancillary permits at the Office of the Building Official (OBO)

Time: 1 day

Cost: No cost

Comments: The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- a. Application form;
- b. Certified true copy of Original Certificate of Title/TCT on file with the Registry of Deeds;
- c. Tax declaration;
- d. Current real property tax receipt;
- e. Six (6) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents);
- f. Location plan;
- g. Community tax certificate;
- h. Barangay clearance;
- i. Locational clearance from the CPDO; and
- j. Clearance from City ENRO.

The city is using the old building permit application forms not requiring notarization.

Procedure 12. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)

Time: 7 days

Cost: PHP 19,500 (0.1% of estimated project cost)

Comments: The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 13. Obtain the building permit from the OBO

Time: 26 days

Cost: PHP 35,767 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 27.5 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees. The electrical fees are paid separately at the Electrical and Mechanical Section)

Comments: After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.

Procedure 14. Receive an inspection from the BFP during construction

Time: 1 day

Cost: No cost (fees included in procedure 12)

Comments: The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.

Procedure 15. Receive inspection from the OBO during construction

Time: 1 day

Cost: No cost (fees included in procedure 13)

Comments: During the construction of the warehouse, the OBO conducts an inspection to ensure that the construction follows the approved building plans and design.

Procedure 16. Apply for the electrical permit and receive order of payment at the Electrical and Mechanical Section

Time: 1 day

Cost: PHP 3,000

Comments: Application, processing, and release of the electrical permit, temporary utility permit, and Certificate of Final Electrical Inspection (CFEI) are done in the Electrical and Mechanical Section. The company, after obtaining the building permit, can apply for the electrical permit at the Electrical and Mechanical Section. The Head of the Electrical and Mechanical Section will then release the order of payment for the company to pay at the CTO.

Procedure 17. Obtain the electrical permit at the Electrical and Mechanical Section

Time: 2 days

Cost: No cost (fees included in procedure 16)

Procedure 18. Apply for the Certificate of Occupancy at the OBO

Time: 1 day

Cost: No cost

Comments: In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- a. Application for Certificate of Occupancy;
- b. Duly notarized certificate of completion;
- c. Construction logbook;
- d. As-built plans and specifications; and
- e. Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

Procedure 19. Apply for the Fire Safety Inspection Certificate (FSIC) and obtain the order of payment from the BFP

Time: 1 day

Cost: PHP 3,901 (10% of building permit fees)

Comments: Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 20. Receive final inspection for the FSIC from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 19)

Procedure 21. Obtain the FSIC from the BFP

Time: 2 days

Cost: No cost

Procedure 22*. Apply for the Certificate of Final Electrical Inspection (CFEI) at the Electrical and Mechanical Section

Time: 1 day

Cost: PHP 1,000 (fixed fee for industrial buildings)

Comments: The company visits the Electrical and Mechanical Section to request the CFEI and schedule an inspection to certify that the as-built plans correspond to the actual completed construction works.

Procedure 23*. Receive final inspection for the CFEI from the Electrical and Mechanical Section

Time: 1 day

Cost: No cost (fees included in procedure 22)

Procedure 24*. Obtain the CFEI from the Electrical and Mechanical Section

Time: 1 day

Cost: No cost

Procedure 25*. Receive final inspection for the Certificate of Occupancy from the OBO**Time:** 1 day**Cost:** No cost (fees included in procedure 26)**Comments:** The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.**Procedure 26. Obtain the Certificate of Occupancy from the OBO****Time:** 17 days**Cost:** PHP 20,500 (PHP 1,000 per PHP 1,000,000 of the project value + PHP 500 inspection fee)**Comments:** After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.**Procedure 27. Apply for electricity connection at Manila Electric Company (Meralco)****Time:** 1 day**Cost:** No cost**Comments:** The electric company is Meralco. The company visits Meralco to request the connection and submit the CFEI and electrical plans. Meralco conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection.**Procedure 28. Receive inspection for electricity connection from Meralco****Time:** 1 day**Cost:** No cost**Procedure 29. Obtain electricity connection from Meralco****Time:** 56 days**Cost:** PHP 564,490 (PHP 35,000 for poles + PHP 334,400 for two 75 kVA transformers + PHP 44,000 for dressings + PHP 6,700 for guying + PHP 144,390 for security deposit)**Procedure 30*. Apply for water and sewage connection at Manila Water Company, Inc. (Manila Water)****Time:** 1 day**Cost:** No cost**Comments:** The water company is Manila Water. The company visits Manila Water to request the connection and inspection takes place within a week. Connection is effected some days after the inspection.**Procedure 31*. Receive inspection for water and sewage connection from Manila Water****Time:** 1 day**Cost:** No cost**Procedure 32*. Obtain water and sewage connection from Manila Water****Time:** 21 days**Cost:** PHP 6,855**Procedure 33*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** No cost**Comments:** There are three telephone companies providing landline services in Pasig City. These are Philippine Long Distance Co. (PLDT), Globelines and Digitel. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the regular phone line. For Digitel, the cost is PHP 2,500 and there is a lock-in period of 30 months for the regular phone line. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.**Procedure 34*. Apply for the tax declaration of improvement at the CAO****Time:** 1 day**Cost:** No cost**Comments:** The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.**Procedure 35*. Receive inspection from the Appraiser of CAO****Time:** 1 day**Cost:** No cost**Procedure 36*. Obtain the tax declaration of improvement from the CAO****Time:** 7 days**Cost:** No cost**Comments:** The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

QUEZON CITY

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)**Time:** 7 days**Cost:** PHP 160 (PHP 30 for the certification + PHP 6 for each additional page (4 pages needed) + PHP 112 IT fee)**Comments:** The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.**Procedure 2*. Obtain lot plan with site map from the geodetic engineer****Time:** 3 days**Cost:** PHP 1,250**Comments:** The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.**Procedure 3*. Obtain barangay clearance****Time:** 2 days**Cost:** PHP 300**Comments:** The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.**Procedure 4. Apply for the locational clearance at the City Planning and Development Office (CPDO)****Time:** 1 day**Cost:** PHP 45 (filing fee)**Comments:** The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- Notarized locational clearance application form;
- Barangay clearance;
- Transfer Certificate of Title (TCT);
- Latest real property tax receipt; and
- Architectural plan.

Procedure 5. Notarize the locational clearance application form at the notary

Time: 1 day
Cost: PHP 50

Procedure 6. Receive inspection for the locational clearance from the CPDO

Time: 1 day
Cost: No cost (fees included in procedure 7)

Procedure 7. Obtain the locational clearance from the CPDO

Time: 5 days
Cost: PHP 2,926 (PHP 2.25 per square meter)

Comments: The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.

Procedure 8*. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the Local Fire Marshall at the Bureau of Fire Protection (BFP)

Time: 7 days
Cost: PHP 19,500 (0.1% of the estimated project cost)

Comments: The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

The City Fire Marshall evaluates one set of plans and specifications submitted by the applicant to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 9. Apply and obtain the building permit and ancillary permits at the Office of the Building Official (OBO)

Time: 12 days
Cost: PHP 39,018 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees)

Comments: The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- a. Certified true copy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- b. Photocopy of tax declaration;
- c. Building permit application form;
- d. Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- e. Locational clearance from the CPDO.

After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.

Procedure 10. Receive inspection from the BFP during construction

Time: 1 day
Cost: No cost (fees included in procedure 8)

Comments: The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.

Procedure 11. Receive inspection from the OBO during construction

Time: 1 day
Cost: No cost (fees included in procedure 9)

Comments: During the construction of the warehouse, the OBO conducts an inspection to ensure that the construction follows the approved building plans and design.

Procedure 12. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP

Time: 1 day
Cost: PHP 3,901 (10% of building permit fees)

Comments: Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 13. Receive final inspection for the FSIC from the BFP

Time: 1 day
Cost: No cost (fees included in procedure 12)

Procedure 14. Obtain the FSIC from the BFP

Time: 5 days
Cost: No cost

Procedure 15*. Apply for health certificate at the City Health Office (CHO)

Time: 1 day
Cost: No cost

Procedure 16*. Receive inspection for the health certificate from the CHO

Time: 1 day
Cost: No cost

Procedure 17*. Obtain the health certificate from the CHO

Time: 5 days
Cost: PHP 400 (fixed fee for commercial applications)

Procedure 18*. Apply for the Certificate of Final Electrical Inspection (CFEI) at the OBO

Time: 1 day
Cost: No cost

Comments: The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.

Procedure 19*. Receive final inspection for the CFEI from the OBO

Time: 1 day
Cost: No cost

Procedure 20*. Obtain the CFEI from the OBO

Time: 1 day
Cost: No cost

Procedure 21. Apply for the Certificate of Occupancy at the OBO

Time: 1 day
Cost: No cost

Comments: In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- a. Application for Certificate of Occupancy;
- b. FSIC;
- c. Health certificate;
- d. Duly notarized certificate of completion;
- e. Construction logbook;
- f. As-built plans and specifications; and
- g. Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

Procedure 22. Receive final inspection for the Certificate of Occupancy from the OBO**Time:** 1 day**Cost:** No cost (fees included in procedure 23)**Comments:** The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.**Procedure 23. Obtain the Certificate of Occupancy from the OBO****Time:** 18 days**Cost:** PHP 32,000 (PHP 1,600 per PHP 1,000,000 of the project value based on Quezon City Revenue Code)**Comments:** After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.**Procedure 24. Apply for electricity connection at Manila Electric Company (Meralco)****Time:** 1 day**Cost:** No cost**Comments:** The electric company is Meralco. The company visits Meralco to request the connection and submit the CFEI and electrical plans. Meralco conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection.**Procedure 25. Receive inspection for electricity connection from Meralco****Time:** 1 day**Cost:** No cost**Procedure 26. Obtain electricity connection from Meralco****Time:** 56 days**Cost:** PHP 564,490 (PHP 35,000 for poles + PHP 334,400 for two 75 kVA transformers + PHP 44,000 for dressings + PHP 6,700 for guying + PHP 144,390 for security deposit)**Procedure 27*. Apply for water and sewage connection at Maynilad Water Services, Inc. (Maynilad) or Manila Water Company, Inc. (Manila Water)****Time:** 1 day**Cost:** No cost**Comments:** There are two private water providers for Quezon City. Maynilad services the west zone and Manila Water services the east zone. The company visits the water company to request the connection and pays PHP 7,455 for Maynilad or PHP 6,855 for Manila Water. Inspection takes place within a week and the connection is effected some days after the inspection. The case study assumes that the company will request water from Manila Water as this is the option favorable to the company.**Procedure 28*. Receive inspection for water and sewage connection from Maynilad or Manila Water****Time:** 1 day**Cost:** No cost**Procedure 29*. Obtain water and sewage connection from Maynilad or Manila Water****Time:** 21 days**Cost:** PHP 6,855**Procedure 30*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** No cost**Comments:** There are four telephone companies providing landline services in Quezon City. The cost is PHP 1,500 for Philippine Long Distance Co. (PLDT), PHP 749 for Bayantel and PHP 2,500 for Digitel. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for PLDT and Globelines, and 30 months for Digitel. Bayantel offers no lock-in period for regular phone line. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.**Procedure 31*. Apply for the tax declaration of improvement at the City Assessor's Office (CAO)****Time:** 1 day**Cost:** No cost**Comments:** The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.**Procedure 32*. Receive inspection from the Appraiser of CAO****Time:** 1 day**Cost:** No cost**Procedure 33*. Obtain the tax declaration of improvement from the CAO****Time:** 3 days**Cost:** No cost**Comments:** The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

SAN JUAN

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain development permit from the City Council**Time:** 30 days**Cost:** No cost**Comments:** San Juan City requires a development permit for warehouse projects with floor area more than 1,000 square meters. This is required since they only have limited land area and large projects like this have to be approved by the City Council.**Procedure 2. Obtain certified true copy of the land title from the Register of Deeds (RD)****Time:** 3 days**Cost:** PHP 160 (PHP 30 for the certification + PHP 6 for each additional page (4 pages needed) + PHP 112 IT fee)**Comments:** The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.**Procedure 3*. Obtain certified true copy of the tax declaration of real property from the City Assessor's Office (CAO)****Time:** 1 day**Cost:** PHP 30**Comments:** The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.**Procedure 4*. Obtain lot plan with site map from the geodetic engineer****Time:** 3 days**Cost:** PHP 1,000**Comments:** The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.**Procedure 5*. Obtain barangay clearance****Time:** 2 days**Cost:** PHP 100**Comments:** The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.

Procedure 6. Apply for locational clearance at the City Planning and Development Office (CPDO)**Time:** 1 day**Cost:** No cost**Comments:** The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- Notarized locational clearance application form;
- Barangay clearance;
- Transfer Certificate of Title (TCT);
- Latest real property tax receipt; and
- Architectural plan.

Procedure 7. Notarize the locational clearance application form at the notary**Time:** 1 day**Cost:** PHP 50**Procedure 8. Receive inspection for locational clearance from the CPDO****Time:** 1 day**Cost:** No cost (fees included in procedure 9)**Procedure 9. Obtain locational clearance from the CPDO****Time:** 1 day**Cost:** PHP 16,550 (PHP 10 per square meter for land use fee + 25% of land use fee + PHP 100 inspection fee + PHP 200 certificate fee)**Comments:** The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.**Procedure 10. Apply for the building permit and ancillary permits at the Office of the Building Official (OBO)****Time:** 1 day**Cost:** No cost**Comments:** The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- Certified true copy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- Tax declaration;
- Current real property tax receipt;
- Building permit application form;
- Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- Locational clearance from the CPDO.

Procedure 11. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)**Time:** 7 days**Cost:** PHP 19,500 (0.1% of estimated project cost)**Comments:** The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 12. Obtain the building permit from the OBO**Time:** 7 days**Cost:** PHP 39,018 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees)**Comments:** After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.**Procedure 13. Receive inspection from the BFP during construction****Time:** 1 day**Cost:** No cost (fees included in procedure 11)**Comments:** The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.**Procedure 14. Receive inspection from the OBO during construction****Time:** 1 day**Cost:** No cost (fees included in procedure 12)**Comments:** During the construction of the warehouse, the OBO conducts an inspection to ensure that the construction follows the approved building plans and design.**Procedure 15. Apply for the Certificate of Occupancy at the OBO****Time:** 1 day**Cost:** No cost**Comments:** In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- Application for Certificate of Occupancy;
- Duly notarized certificate of completion;
- Construction logbook;
- As-built plans and specifications; and
- Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

Procedure 16. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP**Time:** 1 day**Cost:** PHP 3,901 (10% of building permit fees)**Comments:** Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.**Procedure 17. Receive final inspection for the FSIC from the BFP****Time:** 1 day**Cost:** No cost (fees included in procedure 16)**Procedure 18. Obtain the FSIC from the BFP****Time:** 19 days**Cost:** No cost**Procedure 19. Receive final inspection for the Certificate of Occupancy from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 20)**Procedure 20. Obtain the Certificate of Occupancy from the OBO****Time:** 4 days**Cost:** PHP 19,400 (PHP 1,000 for first PHP 1,200,000 of the project value; PHP 1,000 for every PHP 1,000,000 in excess thereof; PHP 400 for PHP 150,000 – PHP 400,000)**Comments:** After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.

Procedure 21. Apply for the Certificate of Final Electrical Inspection (CFEI) at the OBO**Time:** 1 day**Cost:** No cost (fees included in procedure 12)**Comments:** The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.**Procedure 22. Receive final inspection for the CFEI from the OBO****Time:** 1 day**Cost:** No cost**Procedure 23. Obtain the CFEI from the OBO****Time:** 1 day**Cost:** No cost**Procedure 24. Apply for electricity connection at Manila Electric Company (Meralco)****Time:** 1 day**Cost:** No cost**Comments:** The electric company is Meralco. The company visits Meralco to request the connection and submit the CFEI and electrical plans. Meralco conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection.**Procedure 25. Receive inspection for electricity connection from Meralco****Time:** 1 day**Cost:** No cost**Procedure 26. Obtain electricity connection from Meralco****Time:** 56 days**Cost:** PHP 564,490 (PHP 35,000 for poles + PHP 334,400 for two 75 kVA transformers + PHP 44,000 for dressings + PHP 6,700 for guying + PHP 144,390 for security deposit)**Procedure 27*. Apply for water and sewage connection at Manila Water Company, Inc. (Manila Water)****Time:** 1 day**Cost:** No cost**Comments:** The water company is Manila Water. The company visits Manila Water to request the connection and inspection takes place within a week. Connection is effected some days after the inspection.**Procedure 28*. Receive inspection for water and sewage connection from Manila Water****Time:** 1 day**Cost:** No cost**Procedure 29*. Obtain water and sewage connection from Manila Water****Time:** 21 days**Cost:** PHP 6,855**Procedure 30*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** No cost**Comments:** There are three telephone companies providing landline services in San Juan City. These are Philippine Long Distance Co. (PLDT), Globelines and Digitel. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the regular phone line. For Digitel, the cost is PHP 2,500 and there is a lock-in period of 30 months for the regular phone line. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.**Procedure 31*. Apply for the tax declaration of improvement at the CAO****Time:** 1 day**Cost:** PHP 100 (processing fee)**Comments:** The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.**Procedure 32*. Receive inspection from the Appraiser of CAO****Time:** 1 day**Cost:** No cost**Procedure 33*. Obtain the tax declaration of improvement from the CAO****Time:** 1 day**Cost:** No cost**Comments:** The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

TAGUIG

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain lot plan with site map from the geodetic engineer**Time:** 3 days**Cost:** PHP 1,250**Comments:** The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.**Procedure 2*. Obtain barangay clearance****Time:** 2 days**Cost:** PHP 500**Comments:** The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.**Procedure 3. File applications for locational clearance and building permit at the Customer Service Counter of the City Planning and Development Office (CPDO)****Time:** 1 day**Cost:** PHP 50 (filing fee for locational clearance)**Comments:** Application for building permit can be done simultaneously with the application for locational clearance. Application forms and checklists are available at the Customer Service Counter of the CPDO. Only applications with complete requirements will be processed.**Procedure 4. Receive inspection for the locational clearance from the City Planning and Development Office (CPDO)****Time:** 1 day**Cost:** No cost**Comments:** After review, the CPDO endorses the application to the City Mayor for final approval. The applicant is advised by phone once the locational clearance is ready for pick up.**Procedure 5. Obtain the locational clearance from the OBO****Time:** 1 day**Cost:** PHP 6,503 (PHP 5 per square meter)**Comments:** The company goes to the CPDO to obtain the locational clearance.

Procedure 6*. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)

Time: 3 days

Cost: PHP 19,500 (0.1% of estimated project cost)

Comments: The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 7. Obtain the building permit from the OBO

Time: 5 days

Cost: PHP 39,018 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical and plumbing fees)

Comments: After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the City Treasurer's Office (CTO). Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.

Procedure 8. Receive inspection from the BFP during construction

Time: 1 day

Cost: No cost (fees included in procedure 6)

Comments: The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.

Procedure 9. Receive inspection from the OBO during construction

Time: 1 day

Cost: No cost (fees included in procedure 7)

Comments: During the construction of the warehouse, the OBO conducts an inspection to ensure that the construction follows the approved building plans and design.

Procedure 10. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP

Time: 1 day

Cost: PHP 3,901 (10% of building permit fees)

Comments: Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 11. Receive final inspection for the FSIC from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 10)

Procedure 12. Obtain the FSIC from the BFP

Time: 3 days

Cost: No cost

Procedure 13. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the OBO

Time: 1 day

Cost: No cost

Comments: In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- a. Application for Certificate of Occupancy;
- b. Duly notarized certificate of completion;
- c. Construction logbook;
- d. As-built plans and specifications; and
- e. Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.

To facilitate application for electricity connection, the OBO allows applicants to file their application for CFEI even before the construction is completed.

Procedure 14. Receive final inspection for the Certificate of Occupancy and CFEI from the OBO

Time: 1 day

Cost: No cost

Comments: The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.

Procedure 15. Obtain the Certificate of Occupancy and CFEI from the OBO

Time: 4 days

Cost: PHP 21,000 (PHP 1,000 per PHP 1,000,000 of the project value + 10% of electrical permit fee for the CFEI)

Comments: After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.

Procedure 16. Apply for electricity connection at Manila Electric Company (Meralco)

Time: 1 day

Cost: No cost

Comments: The electric company is Meralco. The company visits Meralco to request the connection and submit the CFEI and electrical plans. Meralco conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection.

Procedure 17. Receive inspection for electricity connection from Meralco

Time: 1 day

Cost: No cost

Procedure 18. Obtain electricity connection from Meralco

Time: 56 days

Cost: PHP 564,490 (PHP 35,000 for poles + PHP 334,400 for two 75 kVA transformers + PHP 44,000 for dressings + PHP 6,700 for guying + PHP 144,390 for security deposit)

Procedure 19*. Apply for water and sewage connection at Manila Water Company, Inc. (Manila Water)

Time: 1 day

Cost: No cost

Comments: The water company is Manila Water. The company visits Manila Water to request the connection and inspection takes place within a week. Connection is effected some days after the inspection.

Procedure 20*. Receive inspection for water and sewage connection from Manila Water

Time: 1 day

Cost: No cost

Procedure 21*. Obtain water and sewage connection from Manila Water

Time: 21 days

Cost: PHP 6,855

Procedure 22*. Obtain telephone connection from the telephone company**Time:** 5 days**Cost:** No cost

Comments: There are three telephone companies providing landline services in Taguig City. These are Philippine Long Distance Co. (PLDT), Globelines and Digitel. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the regular phone line. For Digitel, the cost is PHP 2,500 and there is a lock-in period of 30 months for the regular phone line. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.

Procedure 23*. Apply for the tax declaration of improvement at the City Assessor's Office (CAO)**Time:** 1 day**Cost:** PHP 200 (processing fee)

Comments: The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.

Procedure 24*. Receive inspection from the Appraiser of CAO**Time:** 1 day**Cost:** No cost**Procedure 25*. Obtain the tax declaration of improvement from the CAO****Time:** 1 day**Cost:** No cost

Comments: The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

VALENZUELA

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)**Time:** 1 day**Cost:** PHP 57 (PHP 30 for the certification + PHP 6 for each additional page (2 pages needed) + PHP 15 documentary stamp tax)

Comments: The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain certified true copy of the tax declaration of real property from the City Assessor's Office (CAO)**Time:** 1 day**Cost:** PHP 25 (PHP 10 + PHP 15 documentary stamp tax)

Comments: The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.

Procedure 3*. Obtain lot plan with site map from the geodetic engineer**Time:** 2 days**Cost:** PHP 700

Comments: The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.

Procedure 4*. Obtain barangay clearance**Time:** 1 day**Cost:** PHP 150

Comments: The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.

Procedure 5. Apply for the locational clearance, building permit and ancillary permits at the City Engineer's Office-Building Unit (CEO-BU)**Time:** 1 day**Cost:** No cost

Comments: The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements for the locational clearance:

- Barangay clearance;
- Transfer Certificate of Title (TCT);
- Latest real property tax receipt; and
- Architectural plan.

The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements for the building permit:

- Certified true copy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- Tax declaration;
- Current real property tax receipt;
- Building permit application form;
- Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- Locational clearance from the CEO-BU.

Procedure 6. Receive inspection for the locational clearance from the CEO-BU**Time:** 1 day**Cost:** No cost (fees included in procedure 7)

Comments: The CEO-BU conducts an inspection of the property before issuance of the locational clearance.

Procedure 7. Obtain the locational clearance from the CEO-BU**Time:** 1 day**Cost:** PHP 3,302 (PHP 2.5 per square meter + PHP 50 filing fee)

Comments: The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CEO-BU.

Procedure 8. Notarize the building permit application form at the notary**Time:** 1 day**Cost:** PHP 100**Procedure 9. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)****Time:** 1 day**Cost:** PHP 19,500 (0.1% of the estimated project cost)

Comments: The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 10. Obtain the building permit from the CEO-BU

Time: 14 days

Cost: PHP 39,018 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees)

Comments: After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the CEO-BU which will then issue the permit.

Procedure 11. Receive inspection from the Bureau of Fire Protection (BFP) during construction

Time: 1 day

Cost: No cost (fees included in procedure 9)

Comments: The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.

Procedure 12. Receive inspection from the CEO-BU during construction

Time: 1 day

Cost: No cost (fees included in procedure 10)

Comments: During the construction of the warehouse, the CEO-BU conducts an inspection to ensure that the construction follows the approved building plans and design.

Procedure 13. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the CEO-BU

Time: 1 day

Cost: No cost

Comments: In applying for a Certificate of Occupancy, the applicant must submit the following to the CEO-BU:

- a. Application for Certificate of Occupancy;
- b. Duly notarized certificate of completion;
- c. Construction logbook;
- d. As-built plans and specifications; and
- e. Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the CEO-BU and the provisions of the Philippine Electrical Code.

Procedure 14. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP

Time: 1 day

Cost: PHP 3,901 (10% of building permit fees)

Comments: Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 15. Receive final inspection for the FSIC from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 14)

Procedure 16. Obtain the FSIC from the BFP

Time: 1 day

Cost: No cost

Procedure 17. Receive final inspection for the Certificate of Occupancy and CFEI from the CEO-BU

Time: 1 day

Cost: No cost

Comments: The CEO-BU conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.

Procedure 18. Obtain the Certificate of Occupancy and CFEI from the CEO-BU

Time: 3 days

Cost: PHP 20,000 (PHP 1,000 per PHP 1,000,000 of the project, the excess is still PHP 1,000)

Comments: After the CEO-BU has processed the application and conducted the inspection, it then issues an assessment and order of payment. The CEO-BU issues the Certificate of Occupancy after the applicant has paid the corresponding fees.

Procedure 19. Apply for electricity connection at Manila Electric Company (Meralco)

Time: 1 day

Cost: No cost

Comments: The electric company is Meralco. The company visits Meralco to request the connection and submit the CFEI and electrical plans. Meralco conducts an inspection of the warehouse and in the following days the technical staff visits the site for the electricity connection.

Procedure 20. Receive inspection for electricity connection from Meralco

Time: 1 day

Cost: No cost

Procedure 21. Obtain electricity connection from Meralco

Time: 56 days

Cost: PHP 564,490 (PHP 35,000 for poles + PHP 334,400 for two 75 kVA transformers + PHP 44,000 for dressings + PHP 6,700 for guying + PHP 144,390 for security deposit)

Procedure 22*. Apply for water and sewage connection at Maynilad Water Services, Inc. (Maynilad)

Time: 1 day

Cost: No cost

Comments: The water company is Maynilad. The company visits Maynilad to request the connection and inspection takes place within a week. Connection is effected some days after the inspection.

Procedure 23*. Receive inspection for water and sewage connection from Maynilad

Time: 1 day

Cost: No cost

Procedure 24*. Obtain water and sewage connection from Maynilad

Time: 30 days

Cost: PHP 7,455

Procedure 25*. Obtain telephone connection from the telephone company

Time: 5 days

Cost: No cost

Comments: There are four telephone companies providing landline services in Valenzuela City. These are Philippine Long Distance Co. (PLDT), Globelines, Digitel, and Bayantel. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the regular phone line. For Digitel, the cost is PHP 2,500 and there is a lock-in period of 30 months for the regular phone line. For Bayantel, the cost is PHP 749 with no lock-in period. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.

Procedure 26*. Apply for the tax declaration of improvement at the CAO**Time:** 1 day**Cost:** No cost

Comments: The company must update its official records to include the newly built warehouse for tax purposes. The CEO-BU furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.

Procedure 27*. Receive inspection from the Appraiser of CAO**Time:** 1 day**Cost:** No cost**Procedure 28*. Obtain the tax declaration of improvement from the CAO****Time:** 1 day**Cost:** No cost

Comments: The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

DEALING WITH CONSTRUCTION PERMITS

ZAMBOANGA CITY

Warehouse value: PHP 19,500,000 = USD 418,528

Data as of: June 2010

Procedure 1. Obtain certified true copy of the land title from the Register of Deeds (RD)**Time:** 1 day

Cost: PHP 57 (PHP 30 for the certification + PHP 6 for each additional page (2 pages needed) + PHP 15 documentary stamp tax)

Comments: The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain certified true copy of the tax declaration of real property from the City Assessor's Office (CAO)**Time:** 1 day

Cost: PHP 25 (PHP 10 certification + PHP 15 documentary stamp tax)

Comments: The certified true copy of the tax declaration of real property enables the company to identify the property by its index number. The tax clearance serves as proof that there are no arrears in the payment of realty taxes.

Procedure 3*. Obtain lot plan with site map from the geodetic engineer**Time:** 3 days**Cost:** PHP 1,500

Comments: The company must obtain the lot plan with site map from a geodetic engineer to confirm the location of the land purported to be in the land title. A lot plan with site map is signed, sealed, and prepared after a meticulous geodetic survey, or at least after an analysis has been conducted of the lot technical description appearing on the title.

Procedure 4*. Obtain barangay clearance**Time:** 1 day**Cost:** PHP 100

Comments: The barangay clearance is generally a requirement for obtaining the locational clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.

Procedure 5. Apply for the locational clearance at the City Planning and Development Office (CPDO)**Time:** 1 day**Cost:** No cost

Comments: The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.

The applicant must submit the following requirements:

- Notarized locational clearance application form;
- Barangay clearance;
- Transfer Certificate of Title (TCT);
- Latest real property tax receipt; and
- Architectural plan.

Procedure 6*. Notarize the locational clearance application form at the notary**Time:** 1 day**Cost:** PHP 100**Procedure 7. Obtain the locational clearance from the CPDO****Time:** 1 day

Cost: PHP 22,500 (PHP 3,000 + 1/10 of 1% of the project value)

Comments: The applicant pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.

Procedure 8. Apply for the building permit and ancillary permits at the Office of the Building Official (OBO)**Time:** 1 day**Cost:** No cost

Comments: The ancillary permits consist of: (1) the architectural permit, (2) civil/structural permit, (3) electrical permit, (4) mechanical permit, (5) sanitary permit, (6) plumbing permit, and (7) electronics permit.

The applicant must submit the following requirements:

- Certified true copy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds;
- Tax declaration;
- Current real property tax receipt;
- Building permit application form;
- Five (5) sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies); and
- Locational clearance from the CPDO.

Procedure 9. Notarize the building permit application form at the notary**Time:** 1 day**Cost:** PHP 100**Procedure 10. Apply and obtain Fire Safety Evaluation Clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)****Time:** 2 days

Cost: PHP 6,503 (half of 10,000 x floor area x 0.1%)

Comments: The FSEC is a clearance with a fire safety checklist that enumerates the life and fire safety requirements of the Fire Code.

One set of plans and specifications submitted by the applicant to the OBO is referred to the City Fire Marshall, who evaluates the plans to ensure that they conform to the fire safety and control requirements of the Fire Code. The applicant must also submit 3 sets of the Fire and Life Safety Assessment Report (FALAR) 1 (which documents the fire and life safety features of the building) prepared by an architect who is duly certified by the BFP to prepare this report. The City Fire Marshall must submit his recommendations to the OBO within 5 working days from the date of referral.

While the company is getting approval from the City Fire Marshall, the OBO simultaneously processes the building permit application and checks the building plans and specifications.

Procedure 11. Obtain the building permit from the OBO**Time:** 8 days

Cost: PHP 39,018 (according to the National Building Code of the Philippines, the cost of the building permit is PHP 23 per square meter. The computation here is based on PHP 30 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees)

Comments: After the building permit application is approved, the building official makes an assessment and issues an order of payment for the company to pay at the CTO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section of the OBO which will then issue the permit.

Procedure 12. Receive inspection from the BFP during construction

Time: 1 day

Cost: No cost

Comments: The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.

Procedure 13. Apply for the Certificate of Occupancy and Certificate of Final Electrical Inspection (CFEI) at the OBO

Time: 1 day

Cost: No cost

Comments: In applying for a Certificate of Occupancy, the applicant must submit the following to the OBO:

- a. Application for Certificate of Occupancy;
- b. Duly notarized certificate of completion;
- c. Construction logbook;
- d. As-built plans and specifications; and
- e. Building inspection sheet,

all signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.

The CFEI certifies that a final inspection of the electrical installation has been conducted and that such installation has been completed in accordance with the approved plans and specifications on file with the OBO and the provisions of the Philippine Electrical Code.

Procedure 14. Apply for the Fire Safety Inspection Certificate (FSIC) at the BFP

Time: 1 day

Cost: PHP 6,503 (remaining half of 10,000 x floor area x 0.1%)

Comments: Once construction has been completed, the company requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. The applicant must submit a Fire and Life Safety Assessment Report 2 (which certifies that the construction of the building was in accordance with FALAR 1), prepared by an architect who is duly certified by the BFP to prepare this report.

Procedure 15. Receive final inspection for the FSIC from the BFP

Time: 1 day

Cost: No cost

Procedure 16. Obtain the FSIC from the BFP

Time: 1 day

Cost: No cost

Procedure 17*. Obtain sanitary certificate from the City Health Office (CHO)

Time: 1 day

Cost: PHP 350

Procedure 18*. Receive inspection for the sanitary certificate from CHO

Time: 1 day

Cost: No cost

Procedure 19*. Obtain zoning compliance from the CPDO

Time: 1 day

Cost: No cost

Comments: This clearance confirms that the warehouse has complied with the issued locational clearance.

Procedure 20*. Receive inspection for the zoning compliance from CPDO

Time: 1 day

Cost: No cost

Procedure 21*. Receive final inspection for the Certificate of Occupancy and CFEI from the OBO

Time: 1 day

Cost: No cost

Comments: The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, original and as-built plans and specifications.

Procedure 22. Obtain the Certificate of Occupancy and CFEI from the OBO

Time: 2 days

Cost: PHP 19,400 (PHP 1,000 for first PHP 1,200,000 of the project value; PHP 1,000 for every PHP 1,000,000 in excess thereof; PHP 400 for the last PHP 150,000 - PHP 300,000)

Comments: After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the Certificate of Occupancy after the applicant has paid the corresponding fees.

Procedure 23. Apply for electricity connection at Zamboanga City Electric Cooperative (ZAMCELCO)

Time: 1 day

Cost: No cost

Comments: The company visits ZAMCELCO to apply for the electricity connection and submit the electrical plans and CFEI. ZAMCELCO technical staff inspects the warehouse. The company has to buy its own transformers and other installation materials since ZAMCELCO does not provide these.

Procedure 24. Receive inspection for electricity connection from ZAMCELCO

Time: 1 day

Cost: No cost

Procedure 25. Obtain electricity connection from ZAMCELCO

Time: 12 days

Cost: PHP 410,807 (PHP 294,000 for the three 50-kVA transformers bought from private firms + PHP 40,000 three-phase metering outfit with accessories + PHP 67,907 bill deposit + PHP 8,000 labor cost + PHP 900 testing fee)

Procedure 26*. Apply for water connection at Zamboanga City Water District (ZCWD)

Time: 1 day

Cost: No cost

Comments: The applicant has to attend a two-hour seminar on ZCWD policies, which is scheduled every Thursday. A certificate is issued to the applicant, which is one of the requirements for the water connection application. ZCWD does not provide the materials for installation; hence, this is shouldered by the applicant.

Procedure 27*. Receive inspection for water connection from ZCWD

Time: 1 day

Cost: No cost

Procedure 28*. Obtain water connection from ZCWD

Time: 2 days

Cost: PHP 501 (PHP 150 inspection fee + PHP 351 customer deposit of estimated bill of 1.5 months) + cost of materials for installation

Procedure 29*. Obtain telephone connection from the telephone company

Time: 8 days

Cost: No cost

Comments: There are three telephone companies providing landline services in Zamboanga City. These are Philippine Long Distance Co. (PLDT), Globelines, and Bayantel. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. Globelines requires proof of financial capability but does not charge any fee. There is a lock-in period of 12 months for the regular phone line. For Bayantel, the cost is PHP 749 with no lock-in period. The case study assumes that the company will request services from Globelines as this is the option favorable to the company.

Procedure 30*. Apply for the tax declaration of improvement at the CAO**Time:** 1 day**Cost:** No cost

Comments: The company must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and Certificate of Occupancy to notify them of the new building construction. The company must submit the floor plan and as-built plan to the CAO.

Procedure 31*. Receive inspection from the Appraiser of CAO**Time:** 1 day**Cost:** No cost**Procedure 32*. Obtain the tax declaration of improvement from the CAO****Time:** 5 days**Cost:** No cost

Comments: The tax declaration of improvement is released after an appraiser inspects the property, which can be done on the following day or sometimes even on the same day.

*This procedure can be completed simultaneously with previous procedures.

LIST OF PROCEDURES**Registering property****BATANGAS CITY**

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents**Time:** 1 day**Cost:** PHP 41,700 (1% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)**Time:** 1 day**Cost:** PHP 195 {PHP 50 per RPU [(Land (1RPU), Building (1RPU))] + PHP 50 certificate of with improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)}

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of real property taxes from the Land Tax Division of the City Treasurer's Office (CTO)**Time:** 1 day**Cost:** PHP 215 (PHP 100 per RPU [(Land (1RPU), Building (1RPU))] + PHP 15 documentary stamp tax)

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of real property taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)**Time:** 21 days**Cost:** PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- Tax identification number (TIN) of seller and buyer;
- Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)**Time:** 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest. Note: Computation for CWT is not included in the cost reflected.]

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6. Pay the transfer tax at the CTO**Time:** 1 day**Cost:** PHP 31,275 (0.75% of the property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- Tax clearance certificate for real property taxes from the CTO (obtained in Procedure 3);
- Certificate Authorizing Registration from the BIR (obtained in Procedure 4); and
- Official receipt of the BIR (for documentary stamp tax) (obtained in Procedure 5).

Procedure 7. Secure registration with the Register of Deeds (RD)**Time:** 21 days

Cost: PHP 23,863 {registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 2,419.2 IT fee (PHP 268.8 per document) + PHP 300 primary entry fee (PHP 30 per document) + PHP 480 registration fee for specific documents (PHP 120 per document) + PHP 120 fixed entry fee for specific documents (PHP 30 per document) + PHP 40 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 258 fee for issuance of new transfer certificate of title}

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- Copy of deed of absolute sale;
- Official receipt evidencing payment of transfer tax;
- Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- Real property tax clearance from the City Treasurer's Office;
- Original copy of owner's duplicate of TCT (in the name of the seller);
- Original or certified true copy of the latest tax declaration;
- Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;

- h. Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale;
- i. Articles of incorporation of the buyer and by-laws; and
- j. Certificate from the SEC that the articles of incorporation of the buyer have been registered.

The Register of Deeds has been fully computerized since December 2, 2009 as a result of the Land Registration Authority's land titling computerization project.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 1 day

Cost: No cost

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- a. Photocopy of notarized deed of sale (obtained in Procedure 1);
- b. Copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- c. Tax clearance certificate of real property taxes from the CTO (obtained in Procedure 3);
- d. Certificate authorizing registration from the BIR (obtained in Procedure 5);
- e. Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6); and
- f. The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

CAGAYAN DE ORO

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 104,249 (2.5% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 165 ((PHP 40 per RPU [(Land (1RPU), Building (1RPU))] + PHP 40 for certificate of with improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/ document))

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of real property taxes from the Land Tax Division of the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 215 (PHP 100 per RPU [(Land (1RPU), Building (1RPU))] + PHP 15 documentary stamp tax)

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of real property taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 14 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- a. Tax identification number (TIN) of seller and buyer;
- b. Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- c. Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- d. Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- e. Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 31,275 (0.75% of property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- a. Tax clearance certificate for real property taxes from the CTO (obtained in Procedure 3);
- b. Certificate Authorizing Registration from the BIR (obtained in Procedure 4); and
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in Procedure 5).

Procedure 7. Secure registration with the Register of Deeds (RD)

Time: 60 days

Cost: PHP 23,863 {registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 2,419.2 IT fee (PHP 268.8 per document) + PHP 300 primary entry fee (PHP 30 per document) + PHP 480 registration fee for specific documents (PHP 120 per document) + PHP 120 fixed entry fee for specific documents (PHP 30 per document) + PHP 40 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 258 fee for issuance of new transfer certificate of title}

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- a. Copy of deed of absolute sale;
- b. Official receipt evidencing payment of transfer tax;
- c. Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- d. Real property tax clearance from the City Treasurer's Office;
- e. Original copy of owner's duplicate of TCT (in the name of the seller);
- f. Original or certified true copy of the latest tax declaration;
- g. Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;

- h. Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale;
- i. Articles of incorporation of the buyer and by-laws; and
- j. Certificate from the SEC that the articles of incorporation of the buyer have been registered.

The Register of Deeds has been fully computerized since June 15, 2010 as a result of the Land Registration Authority's land titling computerization project.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 2 days

Cost: No cost

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- a. Photocopy of notarized deed of sale (obtained in Procedure 1);
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- c. Tax clearance certificate of real property tax from the CTO (obtained in Procedure 5);
- d. Certificate authorizing registration from the BIR (obtained in Procedure 3);
- e. Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6); and
- f. The transfer certificate of title (TCT) issued by the RD (in the name of the buyer (obtained in Procedure 7).

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

CALOOCAN

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 41,700 (1% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 195 {PHP 50 per real property unit (RPU) [(Land (1RPU), Building (1RPU)) + PHP 50 for certificate of with improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)}

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of Real Property Tax from the Land Tax Division of the City Treasurer's Office (CTO)

Time: 2 days

Cost: PHP 65 (PHP 50 for tax clearance + PHP 15 per documentary stamp tax)

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO. The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 14 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- a. Tax identification number (TIN) of seller and buyer;
- b. Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- c. Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- d. Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- e. Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6*. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 34,402 (0.825% of the property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- a. Tax clearance certificate for real property taxes from the CTO (obtained in Procedure 3);
- b. Certificate Authorizing Registration from the BIR (obtained in Procedure 4); and
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in Procedure 5).

Procedure 7. Secure registration with the Register of Deeds (RD)

Time: 10 days

Cost: PHP 21,261 {registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 300 primary entry fee (PHP 30 per document) + PHP 480 registration fee for specific documents (PHP 120 per document) + PHP 120 fixed entry fee for specific documents (PHP 30 per document) + PHP 40 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 75 fee for issuance of new transfer certificate of title}

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- a. Copy of deed of absolute sale;
- b. Official receipt evidencing payment of transfer tax;
- c. Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- d. Real property tax clearance from the City Treasurer's Office;
- e. Original copy of owner's duplicate of TCT (in the name of the seller);
- f. Original or certified true copy of the latest tax declaration;
- g. Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;
- h. Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale;

- i. Articles of incorporation of the buyer and by-laws; and
- j. Certificate from the SEC that the articles of incorporation of the buyer have been registered.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 3 days

Cost: No cost

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- a. Photocopy of notarized deed of sale (obtained in Procedure 1);
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- c. Tax clearance certificate for real property tax from the CTO (obtained in Procedure 3);
- d. Certificate authorizing registration from the BIR (obtained in Procedure 4);
- e. Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6); and
- f. The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

CEBU CITY

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 41,700 (1% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 165 [PHP 40 per real property unit (RPU) [(Land (1RPU), Building (1RPU)) + PHP 40 for certificate of with improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)]

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of Real Property Tax from the Land Tax Division of the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 65 [PHP 30 for tax clearance + PHP 10 per page of tax declaration (assuming 2 pages for land and building) + PHP 15 for documentary stamp tax]

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO. The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 14 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- a. Tax identification number (TIN) of seller and buyer;
- b. Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- c. Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- d. Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- e. Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 [PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 20,850 (0.5% of the property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- a. Tax clearance certificate of real property tax from the CTO (obtained in Procedure 3);
- b. Certificate Authorizing Registration from the BIR (obtained in Procedure 4); and
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in Procedure 5).

Procedure 7. Secure registration with the Register of Deeds (RD)

Time: 5 days

Cost: PHP 23,434 {registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 60 judicial form fee + PHP 2,150.4 IT fee (PHP 268.8 per document) + PHP 240 primary entry fee (PHP 30 per document) + PHP 360 registration fee for specific documents (PHP 120 per document) + PHP 90 fixed entry fee for specific documents (PHP 30 per document) + PHP 30 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 288 fee for issuance of new transfer certificate of title}

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- a. Copy of deed of absolute sale;
- b. Official receipt evidencing payment of transfer tax;
- c. Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- d. Real property tax clearance from the City Treasurer's Office;
- e. Original copy of owner's duplicate of TCT (in the name of the seller);
- f. Original or certified true copy of the latest tax declaration;
- g. Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;

- h. Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale; and
- i. Articles of incorporation of the buyer and by-laws.

The Register of Deeds has been fully computerized since July 7, 2009 as a result of the Land Registration Authority's land titling computerization project.

Procedure 8*. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 3 days

Cost: No cost

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- a. Photocopy of notarized deed of sale (obtained in Procedure 1);
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- c. Tax clearance certificate of real property tax from the CTO (obtained in Procedure 3);
- d. Certificate authorizing registration from the BIR (obtained in Procedure 4); and
- e. Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6).

The city does not require the new TCT in issuing the new tax declaration.

The documentation shall include:

- a. Photocopy of notarized deed of sale (obtained in Procedure 1);
- b. certified true copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- c. Certificate authorizing registration from the BIR (obtained in Procedure 3);
- d. Realty tax clearance from the CTO (obtained in Procedure 5);
- e. Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6); and
- f. The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

Procedure 9*. Obtain inspection from CAO

Time: 1 day

Cost: No cost

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

DAVAO CITY

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 83,399 (1-3% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 120 (PHP 25 per real property unit (RPU) [(Land (1RPU), Building (1RPU))] + PHP 25 for certificate of with improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document))

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of Real Property Tax from the Land Tax Division of the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 50 (PHP 25 for tax clearance of land + PHP 10 if there is a building + PHP 15 documentary stamp tax on certificate)

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO. The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 14 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- a. Tax identification number (TIN) of seller and buyer;
- b. Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- c. Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- d. Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- e. Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip. Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 33,360 (0.8% of the property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- a. Deed of absolute sale (obtained in Procedure 1);
- b. Tax declaration (Obtained in Procedure 2);
- c. Tax clearance certificate of real property tax from the CTO (obtained in Procedure 3);
- d. Certificate Authorizing Registration from the BIR (obtained in Procedure 4); and
- e. Official receipt of the BIR (for documentary stamp tax) (obtained in Procedure 5).

Procedure 7. Secure registration with the Register of Deeds (RD)**Time:** 14 days

Cost: PHP 24,322 {registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 2,688 IT fee (PHP 268.8 per document) + PHP 330 primary entry fee (PHP 30 per document) + PHP 600 registration fee for specific documents (PHP 120 per document) + PHP 150 fixed entry fee for specific documents (PHP 30 per document) + PHP 50 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 258 fee for issuance of new transfer certificate of title}

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- a. Copy of deed of absolute sale;
- b. Official receipt evidencing payment of transfer tax;
- c. Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- d. Real property tax clearance from the City Treasurer's Office;
- e. Original copy of owner's duplicate of TCT (in the name of the seller);
- f. Original or certified true copy of the latest tax declaration;
- g. Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;
- h. Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale;
- i. Articles of incorporation of the buyer and by-laws;
- j. Articles of incorporation of the seller and by-laws; and
- k. Certificate from the SEC that the articles of incorporation of the buyer have been registered.

The Register of Deeds has been fully computerized since February, 2010 as a result of the Land Registration Authority's land titling computerization project.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO**Time:** 3 days**Cost:** No cost

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- a. Photocopy of notarized deed of sale (obtained in Procedure 1);
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- c. Tax clearance certificate of real property tax from the CTO (obtained in Procedure 3);
- d. Certificate authorizing registration from the BIR (obtained in Procedure 4);
- e. Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6); and
- f. The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

GENERAL SANTOS

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents**Time:** 1 day**Cost:** PHP 125,099 (3% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)**Time:** 2 days

Cost: PHP 165 {PHP 40 per RPU [(Land (1RPU), Building (1RPU))] + PHP 40 for certificate of no improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)}

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of real property taxes from the Land Tax Division of the City Treasurer's Office (CTO)**Time:** 1 day

Cost: PHP 65 (PHP 25 per RPU[(Land (1RPU), Building (1RPU))] + PHP 15 documentary stamp tax)

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)**Time:** 21 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- a. Tax identification number (TIN) of seller and buyer;
- b. Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- c. Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- d. Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- e. Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)**Time:** 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6*. Pay the transfer tax at the CTO**Time:** 1 day**Cost:** PHP 20,850 (0.5% of the property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- a. Notarized deed of absolute sale;
- b. Certificate of improvement from the Assessor's Office (obtained in Procedure 2);
- c. Copy of the latest tax declaration (obtained in Procedure 2); and
- d. Tax clearance certificate of real property taxes from the CTO (obtained in Procedure 3).

Procedure 7. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 3 days

Cost: No cost

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- Photocopy of notarized deed of sale (obtained in Procedure 1);
- Tax clearance certificate of real property taxes from the CTO (obtained in Procedure 3);
- Certificate authorizing registration from the BIR (obtained in Procedure 4);
- Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 5);
- Transfer certificate of title in the name of the seller; and
- Sworn statement declaring the true and current market value of the property.

Procedure 8*. Receive inspection from CAO

Time: 1 day

Cost: No cost

Procedure 9. Secure registration with the Register of Deeds (RD)

Time: 14 days

Cost: PHP 22,945 (registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 1,881.16 IT fee (PHP 268.8 per document) + PHP 240 primary entry fee (PHP 30 per document) + PHP 240 registration fee for specific documents (PHP 120 per document) + PHP 60 fixed entry fee for specific documents (PHP 30 per document) + PHP 20 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 258 fee for issuance of new transfer certificate of title)

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- Copy of deed of absolute sale;
- Official receipt evidencing payment of transfer tax;
- Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- Real property tax clearance from the City Treasurer's Office;
- Original copy of owner's duplicate of TCT (in the name of the seller);
- Original or certified true copy of the latest tax declaration;
- Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;
- Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale;
- Articles of incorporation of the buyer and by-laws;
- Articles of incorporation of the seller and by-laws; and
- Certificate from the SEC that the articles of incorporation of the buyer have been registered.

The Register of Deeds has been fully computerized since January 11, 2010 as a result of the Land Registration Authority's land titling computerization project.

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

ILOILO CITY

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 83,399 (1-3% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain tax clearance certificate of Real Property Tax from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 115 (PHP 100 for tax clearance + PHP 15 per documentary stamp tax)

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 3. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 405 (PHP 100 per RPU [(Land (1RPU), Building (1RPU))] for certified true copy of the latest tax declaration + PHP 100 for certificate of with improvement + PHP 60 verification fee + PHP 45 (PHP 15 documentary stamp tax per RPU/document))

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Documentation shall include the tax clearance certificate of real property tax (obtained in Procedure 2)

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 21 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- Tax identification number (TIN) of seller and buyer;
- Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 34,402 (0.825% of the property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- Tax clearance certificate of real property taxes from the CTO (obtained in Procedure 2);
- Certificate Authorizing Registration from the BIR (obtained in Procedure 4); and
- Official receipt of the BIR (for documentary stamp tax) (obtained in Procedure 5).

Procedure 7. Secure registration with the Register of Deeds (RD)**Time:** 7 days

Cost: PHP 23,426 {registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 60 judicial form fee + PHP 2,580 IT fee + PHP 30 primary entry fee for Copy of Deed of Sale + PHP 540 registration fee for specific documents + PHP 60 fee for issuance of new transfer certificate of title}

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- Copy of deed of absolute sale;
- Official receipt evidencing payment of transfer tax;
- Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- Real property tax clearance from the City Treasurer's Office;
- Original copy of owner's duplicate of TCT (in the name of the seller);
- Original or certified true copy of the latest tax declaration;
- Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;
- Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale;
- Articles of incorporation of the buyer and by-laws; and
- Certificate from the SEC that the articles of incorporation of the buyer have been registered.

The Register of Deeds has been fully computerized since December 9, 2009 as a result of the Land Registration Authority's land titling computerization project.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO**Time:** 7 days

Cost: PHP 230 (PHP 100 per RPU + PHP 15 documentary stamp tax per document)

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- Photocopy of notarized deed of sale (obtained in Procedure 1);
- Tax clearance certificate of real property taxes from the CTO (obtained in Procedure 2);
- Copy of the latest tax declaration (in the name of seller) (obtained in Procedure 3);
- Certificate authorizing registration from the BIR (obtained in Procedure 4);
- Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6); and
- The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

LAPU-LAPU

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents**Time:** 1 day

Cost: PHP 41,700 (1% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2. Obtain tax clearance certificate of real property taxes from the Land Tax Division of City Treasurer's Office (CTO)**Time:** 1 day

Cost: PHP 35 (PHP 20 for tax clearance + PHP 15 for documentary stamp tax on certificate)

Comments: The seller, after paying any due amounts, obtains a tax clearance certificate from the CTO.

The documentation shall include: an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 3. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)**Time:** 2 days

Cost: PHP 115 {PHP 25 per real property unit (RPU) [(Land (1RPU), Building (1RPU)) + PHP 20 for certificate of with improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)]}

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)**Time:** 25 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- Tax identification number (TIN) of seller and buyer;
- Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)**Time:** 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6. Pay the transfer tax at the CTO**Time:** 1 day

Cost: PHP 31,275 (0.75% of the property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- Tax clearance certificate of real estate taxes from the CTO (obtained in Procedure 4);
- Certificate Authorizing Registration from the BIR (obtained in Procedure 4); and
- Official receipt of the BIR (for documentary stamp tax) (obtained in Procedure 5).

Procedure 7. Secure registration with the Register of Deeds (RD)**Time:** 30 days

Cost: PHP 23,404 {registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 2,150.4 IT fee (PHP 268.8 per document) + PHP 270 primary entry fee (PHP 30 per document) + PHP 360 registration fee for specific documents (PHP 120 per document) + PHP 90 fixed entry fee for specific documents (PHP 30 per document) + PHP 30 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 258 fee for issuance of new transfer certificate of title}

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- Copy of deed of absolute sale;
- Official receipt evidencing payment of transfer tax;
- Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- Real property tax clearance from the City Treasurer's Office;
- Original copy of owner's duplicate of TCT (in the name of the seller);
- Original or certified true copy of the latest tax declaration;
- Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;
- Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale; and
- Articles of incorporation of the buyer and by-laws.

The Register of Deeds has been fully computerized since November 19, 2009 as a result of the Land Registration Authority's land titling computerization project.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO**Time:** 3 days**Cost:** No cost

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- Photocopy of notarized deed of sale (obtained in Procedure 1);
- Tax clearance certificate real estate taxes from the CTO (obtained in Procedure 2);
- Latest tax declaration (in the name of seller) (obtained in Procedure 3);
- Certificate authorizing registration from the BIR (obtained in Procedure 4);
- Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6); and
- The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

REGISTERING PROPERTY

LAS PIÑAS

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents**Time:** 1 day**Cost:** PHP 83,399 (1-3% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)**Time:** 1 day

Cost: PHP 345 {PHP 100 per real property unit (RPU) [(Land (1RPU), Building (1RPU)) + PHP 100 for certificate of with improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)]}

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of Real Property Tax from the Land Tax Division of the City Treasurer's Office (CTO)**Time:** 1 day

Cost: PHP 130 (PHP 50 per RPU [(Land (1RPU), Building (1RPU)) + PHP 15 documentary stamp tax per RPU/document])

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)**Time:** 10 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- Tax identification number (TIN) of seller and buyer;
- Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)**Time:** 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6. Pay the transfer tax at the CTO**Time:** 1 day

Cost: PHP 25,416 (0.5% of property price + PHP 4,566 community tax on the sale of property)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- Notarized deed of sale (obtained in Procedure 1);
- Tax clearance certificate of real property tax from the CTO (obtained in Procedure 3); and
- Certificate Authorizing Registration from the BIR (obtained in Procedure 4).

Procedure 7. Secure registration with the Register of Deeds (RD)**Time:** 14 days

Cost: PHP 23,863 {registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 2,419.2 IT fee (PHP 268.8 per document) + PHP 300 primary entry fee (PHP 30 per document) + PHP 480 registration fee for specific documents (PHP 120 per document) + PHP 120 fixed entry fee for specific documents (PHP 30 per document) + PHP 40 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 258 fee for issuance of new transfer certificate of title}

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- Copy of deed of absolute sale;
- Official receipt evidencing payment of transfer tax;
- Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- Real property tax clearance from the City Treasurer's Office;
- Original copy of owner's duplicate of TCT (in the name of the seller);
- Original or certified true copy of the latest tax declaration;
- Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;
- Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale; and
- Articles of incorporation of the buyer and by-laws.

The Register of Deeds has been fully computerized since December 3, 2009 as a result of the Land Registration Authority's land titling computerization project.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO**Time:** 1 day**Cost:** PHP 300 [PHP 150 per real property unit (RPU)]

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the land and building in his name.

The documentation shall include:

- Photocopy of notarized deed of sale (obtained in Procedure 1);
- Certified true copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- Tax clearance certificate of real property tax from Land Tax Division of the CTO (obtained in Procedure 3);
- Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6);
- The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7); and
- Pictures of land and building.

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

MAKATI

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents**Time:** 1 day**Cost:** PHP 83,399 (1-3% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)**Time:** 1 day

Cost: PHP 195 {PHP 50 per real property unit (RPU) [(Land (1RPU), Building (1RPU)) + PHP 50 for certificate of with improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)]}

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of real property taxes from the Land Tax Division of the City Treasurer's Office (CTO)**Time:** 1 day

Cost: PHP 65 (PHP 50 for tax clearance certificate + PHP 15 for documentary stamp tax)

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)**Time:** 14 days**Cost:** PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- Tax identification number (TIN) of seller and buyer;
- Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)**Time:** 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6. Pay the transfer tax at the CTO**Time:** 1 day**Cost:** PHP 25,020 (0.6% of the property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- Tax clearance certificate of real property taxes from the CTO (obtained in Procedure 3);
- Certificate Authorizing Registration from the BIR (obtained in Procedure 4); and
- Official receipt of the BIR (for documentary stamp tax) (obtained in Procedure 5).

Procedure 7. Secure registration with the Register of Deeds (RD)**Time:** 10 days

Cost: PHP 23,863 {registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 2,419.2 IT fee (PHP 268.8 per document) + PHP 300 primary entry fee (PHP 30 per document) + PHP 480 registration fee for specific documents (PHP 120 per document) + PHP 120 fixed entry fee for specific documents (PHP 30 per document) + PHP 40 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 258 fee for issuance of new transfer certificate of title}

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- Copy of deed of absolute sale;
- Official receipt evidencing payment of transfer tax;
- Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- Real property tax clearance from the City Treasurer's Office;
- Original copy of owner's duplicate of TCT (in the name of the seller);
- Original or certified true copy of the latest tax declaration;
- Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;
- Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale;
- Articles of incorporation of the buyer and by-laws; and
- Certificate from the SEC that the articles of incorporation of the buyer have been registered.

The Register of Deeds has been fully computerized since January, 2010 as a result of the Land Registration Authority's land titling computerization project.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO**Time:** 3 days**Cost:** PHP 400 [PHP 200 per real property unit (RPU)]

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- Photocopy of notarized deed of sale (obtained in Procedure 1);
- Certified true copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- Tax clearance certificate of real property taxes from the CTO (obtained in Proc. 3);
- Certificate authorizing registration from the BIR (obtained in Procedure 4);
- Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6); and
- The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

Procedure 9*. Receive inspection from CAO**Time:** 1 day**Cost:** No cost

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

MALABON

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents**Time:** 1 day**Cost:** PHP 41,700 (1% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)**Time:** 1 day

Cost: PHP 575 {PHP 100 per real property unit (RPU) [(Land (1RPU), Building (1RPU)) + PHP 100 for certificate of with improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)]}

Note: Cost is for 2 certified true copies of latest tax declaration for BIR and CTO.

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of real property taxes from the Land Tax Division of the City Treasurer's Office (CTO)**Time:** 1 day

Cost: PHP 130 (PHP 50 per RPU [(Land (1RPU), Building (1RPU)) + PHP 15 for documentary stamp tax per RPU/document])

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)**Time:** 14 days

Cost: PHP 230 (PHP 100 certification fee + PHP 100 certified true copy of CAR + PHP 15 documentary stamp tax per RPU/document)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- Tax identification number (TIN) of seller and buyer;
- Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)**Time:** 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6*. Pay the transfer tax at the CTO**Time:** 1 day

Cost: PHP 25,416 (0.5% of the property price + PHP 4,566 community tax on the sale of property)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- a. Deed of sale;
- b. Certified true copy of tax declaration; and
- c. Tax clearance certificate of real property taxes from the CTO (obtained in Procedure 3).

Procedure 7. Secure registration with the Register of Deeds (RD)

Time: 10 days

Cost: PHP 21,261 {registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 300 primary entry fee (PHP 30 per document) + PHP 480 registration fee for specific documents (PHP 120 per document) + PHP 120 fixed entry fee for specific documents (PHP 30 per document) + PHP 40 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 75 fee for issuance of new transfer certificate of title}

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- a. Copy of deed of absolute sale;
- b. Official receipt evidencing payment of transfer tax;
- c. Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- d. Real property tax clearance from the City Treasurer's Office;
- e. Original copy of owner's duplicate of TCT (in the name of the seller);
- f. Original or certified true copy of the latest tax declaration;
- g. Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;
- h. Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale;
- i. Articles of incorporation of the buyer and by-laws; and
- j. Certificate from the SEC that the articles of incorporation of the buyer have been registered.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 3 days

Cost: PHP 200 [PHP 100 per real property unit (RPU)]

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- a. Notarized deed of sale (obtained in Procedure 1);
- b. Photocopy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- c. Photocopy of tax clearance certificate of real property taxes from the CTO (obtained in Procedure 3);
- d. Certified true copy of Certificate Authorizing Registration from the BIR (obtained in Procedure 4);
- e. Photocopy or certified true copy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6);
- f. Certified true copy of the transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7);
- g. Community tax certificate of the corporation; and
- h. Photographs of the property.

Procedure 9*. Receive inspection from CAO

Time: 1 day

Cost: No cost

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

MANDALUYONG

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 83,399 (1-3% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 195 {PHP 50 per real property unit (RPU) [(Land (1RPU), Building (1RPU)) + PHP 50 for certificate of with improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)]}

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of Real Property Tax from the Land Tax Division of the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 25 (PHP 10 for tax clearance + PHP 15 for stamp tax on certificate)

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 10 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- a. Tax identification number (TIN) of seller and buyer;
- b. Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- c. Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- d. Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- e. Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier. Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 31,275 (0.75% of the property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- Tax clearance certificate of real property tax from the CTO (obtained in Proc. 3);
- Certificate Authorizing Registration from the BIR (obtained in Procedure 4); and
- Official receipt of the BIR (for documentary stamp tax) (obtained in Procedure 5).

Procedure 7. Secure registration with the Register of Deeds (RD)

Time: 5 days

Cost: PHP 23,863 (registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 2,419.2 IT fee (PHP 268.8 per document) + PHP 300 primary entry fee (PHP 30 per document) + PHP 480 registration fee for specific documents (PHP 120 per document) + PHP 120 fixed entry fee for specific documents (PHP 30 per document) + PHP 40 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 258 fee for issuance of new transfer certificate of title)

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- Copy of deed of absolute sale;
- Official receipt evidencing payment of transfer tax;
- Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- Real property tax clearance from the City Treasurer's Office;
- Original copy of owner's duplicate of TCT (in the name of the seller);
- Original or certified true copy of the latest tax declaration;
- Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;
- Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale;
- Articles of incorporation of the buyer and by-laws; and
- Certificate from the SEC that the articles of incorporation of the buyer have been registered.

The Register of Deeds has been fully computerized since January 26, 2010 as a result of the Land Registration Authority's land titling computerization project.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 1 day

Cost: PHP 600 [PHP 300 per real property unit (RPU)]

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- Photocopy of notarized deed of sale (obtained in Procedure 1);
- Certified true copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- Tax clearance certificate of real property tax from the CTO (obtained in Proc. 3);
- Certificate authorizing registration from the BIR (obtained in Procedure 4);
- Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6); and
- The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

Procedure 9*. Receive inspection from CAO

Time: 1 day

Cost: No cost

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

MANDAUE

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 41,700 (1% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 191 [PHP 22 per real property unit (RPU)] [(Land (1RPU), Building (1RPU)) + PHP 27.50 for certificate of with improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)]

Note: Cost is for 2 certified true copies of latest tax declaration for BIR and RD.

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of real property taxes from the Land Tax Division of the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 51 (PHP 36 for tax clearance + PHP 15 for documentary stamp tax)

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 25 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- Tax identification number (TIN) of seller and buyer;
- Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 13,761 (0.33% of the property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- Tax clearance certificate of real property taxes from the CTO (obtained in Procedure 3);
- Certificate Authorizing Registration from the BIR (obtained in Procedure 4); and
- Official receipt of the BIR (for documentary stamp tax) (obtained in Procedure 5).

Procedure 7. Secure registration with the Register of Deeds (RD)

Time: 30 days

Cost: PHP 21,261 (registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 300 primary entry fee (PHP 30 per document) + PHP 480 registration fee for specific documents (PHP 120 per document) + PHP 120 fixed entry fee for specific documents (PHP 30 per document) + PHP 40 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 75 fee for issuance of new transfer certificate of title)

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- Copy of deed of absolute sale;
- Official receipt evidencing payment of transfer tax;
- Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- Real property tax clearance from the City Treasurer's Office;
- Original copy of owner's duplicate of TCT (in the name of the seller);
- Original or certified true copy of the latest tax declaration;
- Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;
- Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale;
- Articles of incorporation of the buyer and by-laws; and
- Certificate from the SEC that the articles of incorporation of the buyer have been registered.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 3 days

Cost: No cost

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- Photocopy of notarized deed of sale (obtained in Procedure 1);
- Copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- Tax clearance certificate of real property taxes from the CTO (obtained in Procedure 3);
- Certificate authorizing registration from the BIR (obtained in Procedure 4);
- Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6); and
- The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

MANILA

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 62,650 (1.5% of the property value + PHP 100 for notarization)

Comments: Anyone can prepare the document, however, the deed of sale must be ratified before the notary public and it is common for him to draft it and conduct the whole process on behalf of the parties

Procedure 2. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 100

Comments: The seller obtains a certified true copy of the latest tax declaration from the Assessor's Office of Manila.

Procedure 3. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 (1.5% of the property price)

Comments: The seller files the Documentary Stamp Tax return and Capital Gains Tax return with the authorized agent bank in the Revenue District of Manila. This is done within 5 days after the close of the month when the taxable document was signed or within 30 days after the sale, whichever is earlier. The taxes are paid at the authorized bank to the account of the Bureau of Internal Revenue. The Capital Gains Tax is 6% of capital gains based on selling price, fair market value or zonal value, whichever is higher.

The Documentary Stamp Tax is 1.5% based on selling price or fair market value, whichever is higher.

The documentation shall include:

- Original copy and photocopy of notarized deed of sale of building (obtained in Procedure 1);
- Certified true copy of transfer certificate of title (in the name of seller);
- Certified true copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- Photocopy of the latest realty tax receipt;
- Letter-request; and
- Identification card of the person requesting.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 14 days

Cost: PHP 115

Comments: After paying the taxes in Procedure 3, the seller must obtain a tax clearance (or Certificate Authorizing Registration) from the Bureau of Internal Revenue. This certificate will authorize the registration of the property.

The documentation shall include:

- Certified true copy of transfer certificate of title (in the name of seller);
- Certified true copy of latest tax declaration (in the name of seller) (obtained in Procedure 2); and
- Tax identification numbers.

Procedure 5. Obtain tax clearance certificate of real property taxes from the Land Tax Division of the City Treasurer's Office (CTO)

Time: 2 days

Cost: PHP 75

Comments: The seller, after paying any due amounts, obtains a tax clearance certificate from the Treasurer's Office of the Local Government Unit (Manila).

The documentation shall include: an original of the official receipt evidencing payment by seller of realty taxes.

The seller, after paying any due amounts, obtains a tax clearance certificate from the Treasurer's Office of the Local Government Unit (Manila).

The documentation shall include: an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 31,400 [0.75 of the property price (transfer tax)+ PHP 125 (certificate of payment)]

Comments: The transfer tax must be paid at the Treasurer's Office of Manila.

The documentation shall include:

- Certificate Authorizing Registration from the Bureau of Internal Revenue (obtained in Procedure 4);
- Realty tax clearance from the Treasurer's Office of Manila (obtained in Procedure 5); and
- Official receipt of the Bureau of Internal Revenue (for documentary stamp tax) (obtained in Procedure 4).

Procedure 7. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 3 days

Cost: No cost

Comments: The buyer applies with the Assessor's Office of Manila for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- Photocopy of notarized deed of sale of building (obtained in Procedure 1);
- Certified true copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- Certificate authorizing registration from the Bureau of Internal Revenue (obtained in Procedure 4);
- Realty tax clearance from the Treasurer's Office of Manila (obtained in Procedure 5); and
- Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6).

Procedure 8. Secure registration with the Register of Deeds (RD)

Time: 10 days

Cost: PHP 20,726 {registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 240 registration fee for specific documents (PHP 120 per document) + PHP 90 copy of deed of absolute sale + PHP 240 notarized Secretary's Certificate containing resolution of the board of director's of the buyer approving the sale + PHP 240 articles of incorporation of the buyer and by-laws}

Comments: The buyer applies for registration with the Register of Deeds of Manila. The following internal steps take place after the application is submitted:

- The Entry clerk receives and enters all documents in the primary Entry Book (Judicial form No. 39) and notes therein the day, hour and minute of reception of all instrument in the order in which they are received.
- Documents are then brought to the Registrar of Deeds (RD) or Deputy Register of Deeds for assignment.
- Documents/Titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
- Pay registration fee to the cashier, who shall issue official receipt. Fixed fees are computed based on a schedule of Fees approved by the Department of Justice.
- Upon the payment of the fees, the document is forwarded to the LRE who reviews the same and determines whether or not it is ready to register. The owner's copy of the title is compared to the title on file, produced by Records Officer/Vault keeper.
- If the instrument is not ready to be registered, the LRE recommends its denial to the RD. If the instrument is ready, the LRE likewise recommends to the RD the registration of the document through a routing slip.
- RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
- If the transaction involves issuance of title, Records Officer/Judicial Form Custodian records the transaction in the logbook releases sets of title forms (judicial form) and assigns the corresponding title control number to the set of titles issued to the action clerk.
- Assigned employee acts on the documents, as instructed.
- Final registration – RD signs titles and documents.
- Release of documents – by the releasing clerk to the buyer who should be ready with ID and copies of official receipts of the registration fees.

The documentation shall include:

- Articles of incorporation and by-laws of the buyer;

- Secretary's certificate containing the resolution of the board of directors of buyer approving the sale;
- Original copy of owner's duplicate of the transfer certificate of title (in the name of seller);
- Certificate authorizing registration from the Bureau of Internal Revenue (obtained in Procedure 4);
- Realty tax clearance from the Treasurer's Office of Manila (obtained in Procedure 5);
- Official receipt of transfer tax payment (obtained in Procedure 6); and
- Official receipts of the Bureau of Internal Revenue (for capital gains tax and documentary stamp tax) (obtained in Procedure 3).

REGISTERING PROPERTY

MARIKINA

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 83,399 (1-3% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 325 (PHP 50 per real property unit (RPU)) [(Land (1RPU), Building (1RPU)) + PHP 50 for certificate of with improvement + PHP 75 (PHP 15 documentary stamp tax per RPU/document)]

Note: Cost is for 2 certified true copies of latest tax declaration for BIR and CAO.

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of real property taxes from the Land Tax Division of the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 65 (PHP 50 for tax clearance + PHP 15 per documentary stamp tax)

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 14 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- Tax identification number (TIN) of seller and buyer;
- Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;

- d. Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- e. Sworn declaration of “with improvement” by at least one (1) of the transferees, or certificate of “with improvement” issued by the Assessor’s Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager’s check or cashier’s check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6. Pay the transfer tax and obtain certified true copy of transfer tax payment receipt at the Land Tax Division of the CTO

Time: 1 day

Cost: PHP 31,325 (0.75% of the property price + PHP 50 for certified true copy of transfer tax payment)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- a. Tax clearance certificate of real property taxes from the CTO (obtained in Procedure 3);
- b. Certificate Authorizing Registration from the BIR (obtained in Procedure 4); and
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in Procedure 5).

Procedure 7. Secure registration with the Register of Deeds (RD)

Time: 10 days

Cost: PHP 23,863 {registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 2,419.2 IT fee (PHP 268.8 per document) + PHP 300 primary entry fee (PHP 30 per document) + PHP 480 registration fee for specific documents (PHP 120 per document) + PHP 120 fixed entry fee for specific documents (PHP 30 per document) + PHP 40 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 258 fee for issuance of new transfer certificate of title}

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- a. Copy of deed of absolute sale;
- b. Official receipt evidencing payment of transfer tax;
- c. Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- d. Real property tax clearance from the City Treasurer’s Office;
- e. Original copy of owner’s duplicate of TCT (in the name of the seller);
- f. Original or certified true copy of the latest tax declaration;
- g. Notarized secretary’s certificate containing resolution of the board of directors of the seller approving the sale;
- h. Notarized secretary’s certificate containing resolution of the board of directors of the buyer approving the sale;
- i. Articles of incorporation of the buyer and by-laws; and
- j. Certificate from the SEC that the articles of incorporation of the buyer have been registered.

The Register of Deeds has been fully computerized since June 7, 2010 as a result of the Land Registration Authority’s land titling computerization project.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 3 days

Cost: PHP 100 (PHP 50 per real property unit (RPU))

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- a. Original copy of deed of sale (obtained in Procedure 1);
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- c. Tax clearance certificate of real property taxes from the CTO (obtained in Procedure 3);
- d. Certificate authorizing registration from the BIR (obtained in Procedure 4);
- e. Certified true copy of the official receipt of transfer tax payment (obtained in Procedure 6); and
- f. The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

MUNTINLUPA

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 83,399 (1-3% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary’s certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor’s Office (CAO)

Time: 1 day

Cost: PHP 195 {PHP 50 per real property unit (RPU) [(Land (1RPU), Building (1RPU)) + PHP 50 certificate of with improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)]}

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of “with improvement” from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of real property taxes from the Land Tax Division of the City Treasurer’s Office (CTO)

Time: 1 day

Cost: PHP 65 (PHP 50 for tax clearance + PHP 15 for documentary stamp tax)

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 10 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- Tax identification number (TIN) of seller and buyer;
- Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 31,275 (0.75% of the property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- Deed of sale (obtained in Procedure 1);
- Copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- Tax clearance certificate of real property taxes from the CTO (obtained in Proc. 3);
- Certificate Authorizing Registration from the BIR (obtained in Procedure 4); and
- Official receipt of the BIR (for documentary stamp tax) (obtained in Procedure 5).

Procedure 7. Secure registration with the Register of Deeds (RD)

Time: 10 days

Cost: PHP 21,261 {registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 300 primary entry fee (PHP 30 per document) + PHP 480 registration fee for specific documents (PHP 120 per document) + PHP 120 fixed entry fee for specific documents (PHP 30 per document) + PHP 40 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 75 fee for issuance of new transfer certificate of title}

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- Copy of deed of absolute sale;
- Official receipt evidencing payment of transfer tax;
- Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- Real property tax clearance from the City Treasurer's Office;
- Original copy of owner's duplicate of TCT (in the name of the seller);
- Original or certified true copy of the latest tax declaration;
- Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;
- Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale;
- Articles of incorporation of the buyer and by-laws; and
- Certificate from the SEC that the articles of incorporation of the buyer have been registered.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 1 day

Cost: PHP 100 [PHP 50 per real property unit (RPU)]

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- Photocopy of notarized deed of sale (obtained in Procedure 1);
- Copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- Tax clearance certificate of real property taxes from the CTO (obtained in Procedure 5);
- Certificate authorizing registration from the BIR (obtained in Procedure 4);
- Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6); and
- The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

Procedure 9*. Receive inspection from CAO

Time: 1 day

Cost: No cost

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

NAVOTAS

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 41,700 (1% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 225 {PHP 60 per real property unit (RPU) [(Land (1RPU), Building (1RPU)) + PHP 60 for certificate of with improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)]}

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of real property taxes from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 25 (PHP 10 for tax clearance certificate + PHP 15 documentary stamp tax)

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 14 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- Tax identification number (TIN) of seller and buyer;
- Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6*. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 20,850 (0.5% of the property price)

Comments: The transfer tax must be paid at the CTO. The applicant only needs to present the deed of sale.

Procedure 7. Secure registration with the Register of Deeds (RD)

Time: 10 days

Cost: PHP 21,261 {registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 300 primary entry fee (PHP 30 per document) + PHP 480 registration fee for specific documents (PHP 120 per document) + PHP 120 fixed entry fee for specific documents (PHP 30 per document) + PHP 40 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 75 fee for issuance of new transfer certificate of title}

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- Copy of deed of absolute sale;
- Official receipt evidencing payment of transfer tax;
- Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- Real property tax clearance from the City Treasurer's Office;
- Original copy of owner's duplicate of TCT (in the name of the seller);
- Original or certified true copy of the latest tax declaration;
- Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;
- Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale;
- Articles of incorporation of the buyer and by-laws; and
- Certificate from the SEC that the articles of incorporation of the buyer have been registered.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 3 days

Cost: PHP 200 [PHP 100 per real property unit (RPU)]

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- Photocopy of notarized deed of sale (obtained in Procedure 1);
- Copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- Tax clearance certificate of real property tax from the CTO (obtained in Procedure 3);
- Certificate authorizing registration from the BIR (obtained in Procedure 4);
- Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6); and
- Certified true copy of transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

PARAÑAQUE

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 83,399 (1-3% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 195 {PHP 50 per real property unit (RPU) [(Land (1RPU), Building (1RPU)) + PHP 50 certificate of no improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)]

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of real property taxes from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 115 [PHP 50 per real property unit (RPU) [(Land (1RPU), Building (1RPU)) + PHP 15 documentary stamp tax]

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 5 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- Tax identification number (TIN) of seller and buyer;
- Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 20,850 (0.5% of the property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- Tax clearance certificate of real property taxes from the CTO (obtained in Proc. 3);
- Certificate Authorizing Registration from the BIR (obtained in Procedure 4); and
- Official receipt of the BIR (for documentary stamp tax) (obtained in Procedure 5).

Procedure 7. Secure registration with the Register of Deeds (RD)

Time: 14 days

Cost: PHP 23,863 [registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 2,419.2 IT fee (PHP 268.8 per document) + PHP 300 primary entry fee (PHP 30 per document) + PHP 480 registration fee for specific documents (PHP 120 per document) + PHP 120 fixed entry fee for specific documents (PHP 30 per document) + PHP 40 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 258 fee for issuance of new transfer certificate of title]

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- Copy of deed of absolute sale;
- Official receipt evidencing payment of transfer tax;
- Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- Real property tax clearance from the City Treasurer's Office;
- Original copy of owner's duplicate of TCT (in the name of the seller);
- Original or certified true copy of the latest tax declaration;
- Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;
- Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale;
- Articles of incorporation of the buyer and by-laws; and
- Certificate from the SEC that the articles of incorporation of the buyer have been registered.

The Register of Deeds has been fully computerized since January 10, 2010 as a result of the Land Registration Authority's land titling computerization project.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 3 days

Cost: PHP 100 (PHP 100 per transfer)

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- Photocopy of notarized deed of sale (obtained in Procedure 1);
- Copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- Tax clearance certificate of real property taxes from the CTO (obtained in Proc. 3);
- Certificate authorizing registration from the BIR (obtained in Procedure 4);
- Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6); and
- The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

Procedure 9*. Receive inspection from CAO

Time: 1 day

Cost: No cost

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

PASAY

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 83,399 (1-3% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 165 (PHP 40 per real property unit (RPU) [(Land (1RPU), Building (1RPU)) + PHP 40 for certificate of no improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)])

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 14 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- Tax identification number (TIN) of seller and buyer;
- Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;

- d. Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- e. Sworn declaration of “with improvement” by at least one (1) of the transferees, or certificate of “with improvement” issued by the Assessor’s Office.

Procedure 4. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager’s check or cashier’s check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 5. Pay transfer tax and obtain tax clearance certificate of real property taxes City Treasurer’s Office (CTO)

Time: 1 day

Cost: PHP 32,450 [(PHP 34,243 (0.75% of property price + PHP 1,000 transfer fee [PHP 500 per RPU (Land (1RPU), Building (1RPU))] + PHP 120 for tax clearance certificate + PHP 40 application fee + PHP 15 documentary stamp tax)]

Comments: The documentation shall include:

- a. Deed of absolute sale (obtained in procedure 1);
- b. Certificate Authorizing Registration from the BIR (obtained in Procedure 4);
- c. Real property tax receipts from 2005 to 2009;
- d. Payment receipts of the transfer tax, tax clearance certificate of real property tax, application fee;
- e. Authorization letter if the one processing is a representative; and
- f. Community tax certificate of the corporation or the authorized representative.

Assessment for the transfer fee, transfer tax, verification fee, application fee, and tax clearance certificate of real property taxes is done under this procedure. Applicant pays at the CTO cashier and receives an official receipt. The official receipt is required for the release of the tax clearance certificate of real property taxes.

Procedure 6. Secure registration with the Register of Deeds (RD)

Time: 10 days

Cost: PHP 23,863 (registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 2,419.2 IT fee (PHP 268.8 per document) + PHP 300 primary entry fee (PHP 30 per document) + PHP 480 registration fee for specific documents (PHP 120 per document) + PHP 120 fixed entry fee for specific documents (PHP 30 per document) + PHP 40 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 258 fee for issuance of new transfer certificate of title)

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- a. Copy of deed of absolute sale;
- b. Official receipt evidencing payment of transfer tax;
- c. Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- d. Real property tax clearance from the City Treasurer’s Office;
- e. Original copy of owner’s duplicate of TCT (in the name of the seller);
- f. Original or certified true copy of the latest tax declaration;
- g. Notarized secretary’s certificate containing resolution of the board of directors of the seller approving the sale;
- h. Notarized secretary’s certificate containing resolution of the board of directors of the buyer approving the sale;
- i. Articles of incorporation of the buyer and by-laws; and
- j. Certificate from the SEC that the articles of incorporation of the buyer have been registered.

The Register of Deeds has been fully computerized since January , 2010 as a result of the Land Registration Authority’s land titling computerization project.

Procedure 7. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 3 days

Cost: No cost (fees included in procedure 5)

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- a. Photocopy of notarized deed of sale (obtained in Procedure 1);
- b. Copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- c. Certificate authorizing registration from the BIR (obtained in Procedure 3);
- d. Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 5);
- e. Tax clearance certificate of real property taxes from the CTO (obtained in Procedure 5); and
- f. The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 6).

Procedure 8*. Receive inspection from CAO

Time: 1 day

Cost: No cost

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

PASIG

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 83,399 (1-3% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary’s certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor’s Office (CAO)

Time: 1 day

Cost: PHP 135 (PHP 30 per real property unit (RPU)) [(Land (1RPU), Building (1RPU))] + PHP 30 for certificate of no improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)]

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of “with improvement” from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of real property taxes from the Land Tax Division of the City Treasurer’s Office (CTO)

Time: 1 day

Cost: PHP 45 (PHP 30 for tax clearance + PHP 15 for stamp tax on certificate)

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 14 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- Tax identification number (TIN) of seller and buyer;
- Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 20,850 (0.5% of the property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- Tax clearance certificate of real property taxes from the CTO (obtained in Procedure 3);
- Certificate Authorizing Registration from the BIR (obtained in Procedure 4); and
- Official receipt of the BIR (for documentary stamp tax) (obtained in Procedure 5).

Procedure 7. Secure registration with the Register of Deeds (RD)

Time: 10 days

Cost: PHP 23,863 {registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 2,419.2 IT fee (PHP 268.8 per document) + PHP 300 primary entry fee (PHP 30 per document) + PHP 480 registration fee for specific documents (PHP 120 per document) + PHP 120 fixed entry fee for specific documents (PHP 30 per document) + PHP 40 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 258 fee for issuance of new transfer certificate of title}

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- Copy of deed of absolute sale;
- Official receipt evidencing payment of transfer tax;
- Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- Real property tax clearance from the City Treasurer's Office;
- Original copy of owner's duplicate of TCT (in the name of the seller);
- Original or certified true copy of the latest tax declaration;
- Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;

- Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale;
- Articles of incorporation of the buyer and by-laws; and
- Certificate from the SEC that the articles of incorporation of the buyer have been registered.

The Register of Deeds has been fully computerized since December 15, 2010 as a result of the Land Registration Authority's land titling computerization project.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 1 day

Cost: PHP 200 [PHP 100 per real property unit (RPU)]

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- Photocopy of notarized deed of sale (obtained in Procedure 1);
- Copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- Tax clearance certificate of real property taxes from the CTO (obtained in Procedure 3);
- Certificate authorizing registration from the BIR (obtained in Procedure 4);
- Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6); and
- The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

QUEZON CITY

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 83,399 (1-3% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 275 {PHP 70 per RPU [(Land (1RPU), Building (1RPU))] + PHP 90 for certificate of with improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)}

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of real property taxes from the Land Tax Division of the City Treasurer's Office (CTO)

Time: 2 days

Cost: PHP 65 (PHP 50 for tax clearance + PHP 15 for documentary stamp tax)

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 21 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- Tax identification number (TIN) of seller and buyer;
- Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 31,275 (0.75% of the property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- Tax clearance certificate of real property taxes from the CTO (obtained in Procedure 3);
- Certificate Authorizing Registration from the BIR (obtained in Procedure 4); and
- Official receipt of the BIR (for documentary stamp tax) (obtained in Procedure 5).

Procedure 7. Secure registration with the Register of Deeds (RD)

Time: 10 days

Cost: PHP 23,863 {registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 2,419.2 IT fee (PHP 268.8 per document) + PHP 300 primary entry fee (PHP 30 per document) + PHP 480 registration fee for specific documents (PHP 120 per document) + PHP 120 fixed entry fee for specific documents (PHP 30 per document) + PHP 40 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 258 fee for issuance of new transfer certificate of title}

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- Copy of deed of absolute sale;
- Official receipt evidencing payment of transfer tax;
- Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- Real property tax clearance from the City Treasurer's Office;
- Original copy of owner's duplicate of TCT (in the name of the seller);
- Original or certified true copy of the latest tax declaration;
- Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;

- Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale;
- Articles of incorporation of the buyer and by-laws; and
- Certificate from the SEC that the articles of incorporation of the buyer have been registered.

The Register of Deeds has been fully computerized since December 14, 2010 as a result of the Land Registration Authority's land titling computerization project.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 2 days

Cost: No cost

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- Photocopy of notarized deed of sale (obtained in Procedure 1);
- Copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- Tax clearance certificate of real property taxes from the CTO (obtained in Proc. 3);
- Certificate authorizing registration from the BIR (obtained in Procedure 4);
- Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6); and
- The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

SAN JUAN

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 83,399 (1-3% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 135 {PHP 30 per real property unit (RPU) [(Land (1RPU), Building (1RPU))] + PHP 30 for certificate of with improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)}

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of real property taxes from the Land Tax Division of the City Treasurer's Office (CTO)

Time: 2 days

Cost: PHP 65 (PHP 50 for tax clearance + PHP 15 per documentary stamp tax)

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 14 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- Tax identification number (TIN) of seller and buyer;
- Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 20,850 (0.5% of the property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- Tax clearance certificate of real property taxes from the CTO (obtained in Proc. 3);
- Certificate Authorizing Registration from the BIR (obtained in Procedure 4); and
- Official receipt of the BIR (for documentary stamp tax) (obtained in Procedure 5).

Procedure 7. Secure registration with the Register of Deeds (RD)

Time: 3 days

Cost: PHP 23,863 [registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 2,419.2 IT fee (PHP 268.8 per document) + PHP 300 primary entry fee (PHP 30 per document) + PHP 480 registration fee for specific documents (PHP 120 per document) + PHP 120 fixed entry fee for specific documents (PHP 30 per document) + PHP 40 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 258 fee for issuance of new transfer certificate of title]

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- Copy of deed of absolute sale;
- Official receipt evidencing payment of transfer tax;
- Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- Real property tax clearance from the City Treasurer's Office;
- Original copy of owner's duplicate of TCT (in the name of the seller);
- Original or certified true copy of the latest tax declaration;
- Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;
- Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale;

- Articles of incorporation of the buyer and by-laws; and
- Certificate from the SEC that the articles of incorporation of the buyer have been registered.

The Register of Deeds has been fully computerized since March 16, 2010 as a result of the Land Registration Authority's land titling computerization project.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 3 days

Cost: PHP 200 [PHP 100 per real property unit (RPU)]

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- Photocopy of notarized deed of sale (obtained in Procedure 1);
- Copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- Tax clearance certificate of real property taxes from the CTO (obtained in Proc. 3);
- Certificate authorizing registration from the BIR (obtained in Procedure 4);
- Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6); and
- The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

Procedure 9*. Receive inspection from CAO

Time: 1 day

Cost: No cost

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

TAGUIG

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 83,399 (1-3% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain tax clearance certificate of Real Property Tax from the Land Tax Division of the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 115 {(PHP 50 per RPU [(Land (1RPU), Building (1RPU))] + PHP 15 documentary stamp tax)}

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 3. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 201 {PHP 53 per real property unit (RPU) [(Land (1RPU), Building (1RPU))] + PHP 50 for certificate of with improvement + PHP 45 (PHP 15 documentary stamp tax per document)}

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 14 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- Tax identification number (TIN) of seller and buyer;
- Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6*. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 20,850 (0.5% of the property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- Deed of absolute sale;
- Tax clearance certificate of real property tax from the CTO (obtained in Procedure 2); and
- Latest tax declaration (obtained in Procedure 3).

Procedure 7. Secure registration with the Register of Deeds (RD)

Time: 10 days

Cost: PHP 23,863 {registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 2,419.2 IT fee (PHP 268.8 per document) + PHP 300 primary entry fee (PHP 30 per document) + PHP 480 registration fee for specific documents (PHP 120 per document) + PHP 120 fixed entry fee for specific documents (PHP 30 per document) + PHP 40 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 258 fee for issuance of new transfer certificate of title}

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- Copy of deed of absolute sale;
- Official receipt evidencing payment of transfer tax;
- Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- Real property tax clearance from the City Treasurer's Office;
- Original copy of owner's duplicate of TCT (in the name of the seller);
- Original or certified true copy of the latest tax declaration;
- Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;

- Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale;
- Articles of incorporation of the buyer and by-laws; and
- Certificate from the SEC that the articles of incorporation of the buyer have been registered.

The Register of Deeds has been fully computerized since January, 2010 as a result of the Land Registration Authority's land titling computerization project.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 3 days

Cost: PHP 250 (PHP 125 per RPU)

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- Photocopy of notarized deed of sale (obtained in Procedure 1);
- Tax clearance certificate of real property tax from the CTO (obtained in Procedure 2);
- Certified true copy of latest tax declaration (in the name of seller) (obtained in Procedure 3);
- Certificate authorizing registration from the BIR (obtained in Procedure 4);
- Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6); and
- The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

VALENZUELA

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 41,700 (1% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2*. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 75 {PHP 10 per real property unit (RPU) [(Land (1RPU), Building (1RPU))] + PHP 10 certificate of with improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)}

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3*. Obtain tax clearance certificate of Real Property Tax from the Land Tax Division of the City Treasurer's Office (CTO)

Time: 2 days

Cost: PHP 35 (PHP 20 for tax clearance + PHP 15 documentary stamp tax)

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 4. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 14 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- Tax identification number (TIN) of seller and buyer;
- Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 5. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected.

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 20,850 (0.5% of the property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- Tax clearance certificate of real property tax from the CTO (obtained in Procedure 3);
- Certificate Authorizing Registration from the BIR (obtained in Procedure 4); and
- Official receipt of the BIR (for documentary stamp tax) (obtained in Procedure 5).

Procedure 7. Secure registration with the Register of Deeds of Valenzuela

Time: 7 days

Cost: PHP 21,261 [registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 300 primary entry fee (PHP 30 per document) + PHP 480 registration fee for specific documents (PHP 120 per document) + PHP 120 fixed entry fee for specific documents (PHP 30 per document) + PHP 40 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 75 fee for issuance of new transfer certificate of title]

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- Copy of deed of absolute sale;
- Official receipt evidencing payment of transfer tax;
- Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- Real property tax clearance from the City Treasurer's Office;
- Original copy of owner's duplicate of TCT (in the name of the seller);
- Original or certified true copy of the latest tax declaration;
- Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;

- Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale;
- Articles of incorporation of the buyer and by-laws; and
- Certificate from the SEC that the articles of incorporation of the buyer have been registered.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 3 days

Cost: No cost

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- Photocopy of notarized deed of sale (obtained in Procedure 1);
- Certified true copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- Tax clearance certificate for real property tax from the CTO (obtained in Procedure 3);
- Certificate authorizing registration from the BIR (obtained in Procedure 4);
- Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 6); and
- The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

*This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

ZAMBOANGA CITY

Property value: PHP 4,169,969 = USD 89,500

Data as of: June 2010

Procedure 1. Prepare the notarized deed of sale and related documents

Time: 1 day

Cost: PHP 125,099 (3% of the property value)

Comments: While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties.

In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.

Procedure 2. Obtain certified true copy of latest tax declaration and certificate of with improvement from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 75 {PHP 10 per real property unit (RPU) [(Land (1RPU), Building (1RPU)) + PHP 10 for certificate of with improvement + PHP 45 (PHP 15 documentary stamp tax per RPU/document)]}

Comments: The seller must obtain a certified true copy of the latest tax declaration for the land and the building as well as a certificate of "with improvement" from the CAO as these documents are required by the BIR. Loose documentary stamps must be affixed to these documents as proof of payment of the documentary stamp tax (DST) on certificates. Loose documentary stamps sold at the BIR Office cost PHP 15. However these can be more readily purchased at city government offices at a cost ranging from PHP 18-25 per stamp.

Procedure 3. Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 7 days

Cost: PHP 115 (PHP 100 certification fee + PHP 15 documentary stamp tax)

Comments: The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.

The taxpayer/applicant must submit the following documents to the BIR:

- Tax identification number (TIN) of seller and buyer;

- b. Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR;
- c. Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction;
- d. Owners copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); and
- e. Sworn declaration of "with improvement" by at least one (1) of the transferees, or certificate of "with improvement" issued by the Assessor's Office.

Procedure 4. Pay documentary stamp tax and creditable withholding tax (CWT) at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 62,550 [documentary stamp tax (PHP 15 for every PHP 1,000 or a fraction thereof of the property value) + creditable withholding tax of 6% of the selling price, fair market value, or zonal value, whichever is highest.]

Note: Computation for CWT is not included in the cost reflected

Comments: Prior to payment, applicant accomplishes BIR forms 2000-OT and 1606 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CWT return and pays the taxes at the AAB of the Revenue District Office. Payment must be made through either a manager's check or cashier's check within 5 days after the close of the month when the taxable document was signed or within 30 days from the sale, whichever is earlier.

Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.

Procedure 5*. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 31,275 (0.75% of the property price)

Comments: The transfer tax must be paid at the CTO. The documentation shall include:

- a. Photocopy of the Deed of sale; and
- b. Copy of the latest tax declaration.

Procedure 6. Obtain tax clearance certificate of real property taxes from the Land Tax Division of the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 25 (PHP 10 for tax clearance + PHP 15 documentary stamp tax)

Comments: The seller, after paying any arrears, obtains a tax clearance certificate from the CTO.

The documentation shall include an original of the official receipt evidencing payment by seller of realty taxes.

Procedure 7. Secure registration with the Register of Deeds (RD)

Time: 7 days

Cost: PHP 21,071 {registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee (1% of the registration fee) + PHP 30 judicial form fee + PHP 270 primary entry fee (PHP 30 per document) + PHP 360 registration fee for specific documents (PHP 120 per document) + PHP 90 fixed entry fee for specific documents (PHP 30 per document) + PHP 30 legal research fee for specific documents (PHP 10 per document) + PHP 60 annotation fee (PHP 30 per document) + PHP 75 fee for issuance of new transfer certificate of title}

Comments: The buyer applies for registration with the Register of Deeds. The documentation shall include:

- a. Copy of deed of absolute sale;
- b. Official receipt evidencing payment of transfer tax;
- c. Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CWT;
- d. Real property tax clearance from the City Treasurer's Office;
- e. Original copy of owner's duplicate of TCT (in the name of the seller);
- f. Original or certified true copy of the latest tax declaration;
- g. Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale;
- h. Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale; and
- i. articles of incorporation of the buyer and by-laws.

Procedure 8. Obtain new tax declaration over the building and the land in the name of buyer from CAO

Time: 7 days

Cost: No cost

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.

The documentation shall include:

- a. Photocopy of notarized deed of sale (obtained in Procedure 1);
- b. Copy of latest tax declaration (in the name of seller) (obtained in Procedure 2);
- c. Certificate authorizing registration from the BIR (obtained in Procedure 3);
- d. Photocopy of official receipt of transfer tax payment (original copy to be presented) (obtained in Procedure 5);
- e. Tax clearance certificate of real property taxes from the CTO (obtained in Procedure 6); and
- f. The transfer certificate of title (TCT) issued by the RD (in the name of the buyer) (obtained in Procedure 7).

Procedure 9*. Receive inspection from CAO

Time: 1 day

Cost: No cost

*This procedure can be completed simultaneously with previous procedures.

Acknowledgments

Contact details for local partners are available on the *Doing Business* website at <http://subnational.doingbusiness.org>

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