



Doing Business

in the Philippines 2008

COMPARING REGULATION IN 21 CITIES AND 178 ECONOMIES

Doing
Business

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Copies of *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 Regulation* may be obtained at www.doingbusiness.org. *Doing Business in the Philippines 2008* as well as other subnational and regional reports are available at <http://subnational.doingbusiness.org>.

Contents

Doing Business in the Philippines 2008 is a new subnational report of the *Doing Business* series in East Asia, following the *Doing Business* report in China. *Doing Business in the Philippines 2008* covers 21 cities that can be compared against each other, and with 178 economies around the world. The study includes 15 cities in Metro Manila: Caloocan, Las Piñas, Makati, Malabon, Mandaluyong, Marikina, Muntinlupa, Navotas, Parañaque, Pasay, Pasig, Quezon City, San Juan, Taguig, Valenzuela, 3 cities in the Visayas: Cebu, Lapu-Lapu and Mandaue, as well as Tanauan, and Davao. Comparisons with national results (as measured in Manila) and the rest of the world are based on the indicators in *Doing Business 2008* and other subnational *Doing Business* reports.

Since 2004, *Doing Business* publishes annual studies on the ways in which government regulations enhance or restrain business activity. The indicators discussed in this report and agreed with counterparts cover 3 *Doing Business* topics: starting a business, dealing with licenses and registering property. These indicators have been selected because they cover areas of local jurisdiction or practice. The indicators are used to analyze the economic outcomes of the regulations and to identify what reforms have worked, where and why.

The methodology has limitations. Other areas important to business, such as the security of property from theft and looting, proximity to major markets, quality of infrastructure services, transparency of government procurement, macro-economic conditions or the quality of institutions are not studied directly by *Doing Business*. In order to make the data comparable across economies, the indicators refer to a specific type of company—generally a limited liability company.

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Doing Business

Overview

If you opened a business in Marikina, obtaining all the registrations and permits would require 15 procedures. To do the same in Valenzuela, you would spend 37 days completing 22 procedures—more steps than anywhere else in the world. If you decided to build a warehouse in Davao, dealing with all the construction-related procedures would take you 60 days, 3 months less than the average in Metro Manila cities and placing Davao among the world's 10 fastest cities to complete construction-related requirements. Despite the speed of the process, you would still need to complete 28 procedures, almost 5 times more than in Denmark, the country with the lowest number of construction-related procedures.

These examples illustrate 2 points:

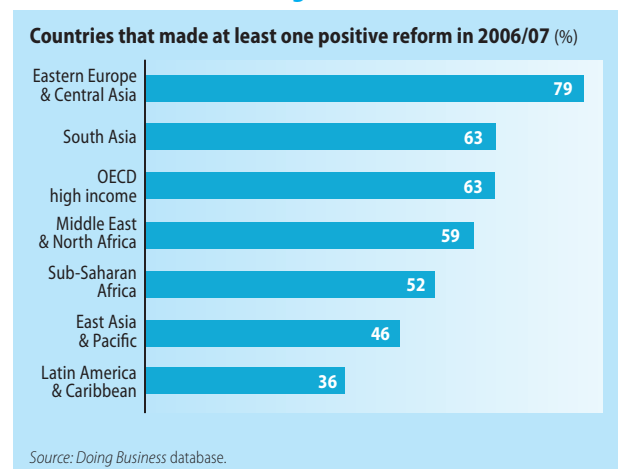
First, business regulations and their enforcement vary widely across Philippine cities. The Local Government Code of 1991 places business regulatory authority such as business permits, licenses and business tax in the hands of local governments. While all local governments share the same legal and institutional framework, they also interpret and implement national regulations differently. Some local governments like Taguig and Marikina have used their authority to simplify procedures and reduce regulatory costs for businesses—and other Philippine cities could learn from their example.

Second, much reform, both at the national and local level, is needed to reduce the high number of procedures to start a business, deal with construction-related activities and transfer a property title across Philippine cities. Although most procedures can be completed relatively quickly, the large number of them increases the hassle for businesses and creates opportunities for corruption.¹

Manila, as the Philippines' capital city, represents the Philippines in the global *Doing Business* report that covers 178 economies. *Doing Business in the Philippines 2008* expands 3 of the 10 *Doing Business* topics—starting a business, dealing with licenses and registering property—to another 20 cities.² *Doing Business* classifies the 21 cities based on their performance in each of these topics. Fifteen of the 20 cities benchmarked for the first time are in the metropolitan area of Manila, yet even across these neighboring cities, the ease of doing business varies widely.

Last year, *Doing Business* did not report any reforms having taken place in the Philippines, represented by Manila. This is in line with the regional trend. Only 46% of the economies in East Asia and Pacific reformed in at least one area covered by *Doing Business* between April

FIGURE 1.1
East Asia and the Pacific lags behind in reforms



2006 and June 2007 (figure 1.1). Only Latin America and the Caribbean reformed less, with 1 in 3 countries reforming. Compare this with the pace of reform in Eastern Europe and Central Asia, the leading region in terms of number of countries reforming for the third consecutive year, where 80% of the countries introduced reforms.

Among the Philippines' neighbors, some countries did reform. China is the most notable. For the second time in 5 years, China ranked among the top-10 reformers worldwide. China introduced a new property law that put private property rights on equal footing with those of the state. It also passed a new bankruptcy law that gives secured creditors priority over other creditors. And construction became easier with the introduction of electronic processing of building permits. Indonesia also made important reforms, strengthening investor protections and expanding credit information by removing the minimum loan size threshold for the public credit registry. Vietnam improved investor protections and access to credit.

Other large emerging markets, such as Egypt, India and Turkey, also improved in the ease of doing business last year. This should be a warning sign. Investors look for upside potential and they find it in economies that are reforming—regardless of the starting point. Indeed, equity returns are highest in countries that are reforming the most (figure 1.2). As other large emerging markets reform, maintaining the status quo means becoming less competitive (figure 1.3).

Not only large economies are becoming more business-friendly. Around the world, the pace of reforms is swift—200 reforms in 98 economies were introduced

between April 2006 and June 2007. Reformers simplified business regulations, strengthened property rights, eased tax burdens, improved access to credit and facilitated trade across borders.

There are some reasons for optimism in the Philippines. The Anti-Red Tape Act was passed in 2007, although it still needs to be implemented. The law introduced penalties for “fixers,” mandated that complete information about procedures and fees be publicly displayed at government offices and required the introduction of performance-based tracking systems for public officials. The national government has also embarked on an ambitious project to create an online one-stop shop to start a business—the Philippine Business Registry. If successful, this would put the Philippines among the world's top performers in this topic. The Bureau of Internal Revenue's (BIR) regional district offices in Parañaque and Las Piñas created One Time Transaction (ONETT) teams that facilitate the property registration processes by requiring officials to issue the tax clearances within specified time limits. Reforms need to go beyond national policies. They need to be implemented in branches of the national agencies in all cities.

Local governments must also do their part to reduce the burden of red tape on businesses. Some good examples already exist. Taguig and Marikina simplified and consolidated procedures to obtain a business permit. Makati, Marikina and Valenzuela shortened the maximum statutory time limit to obtain a building permit to 6 or 7 days, appreciably less than the 15-day period set by national law.

FIGURE 1.2

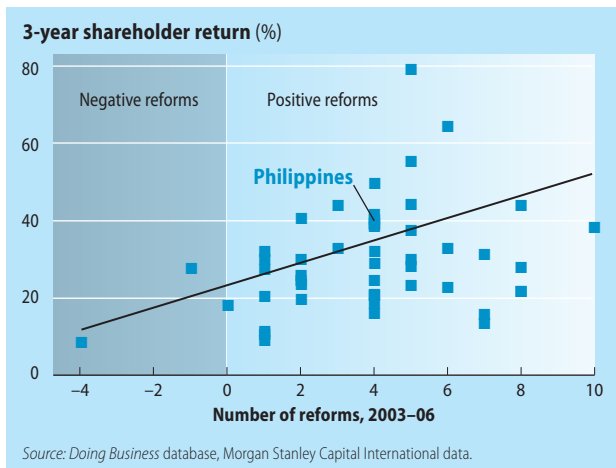
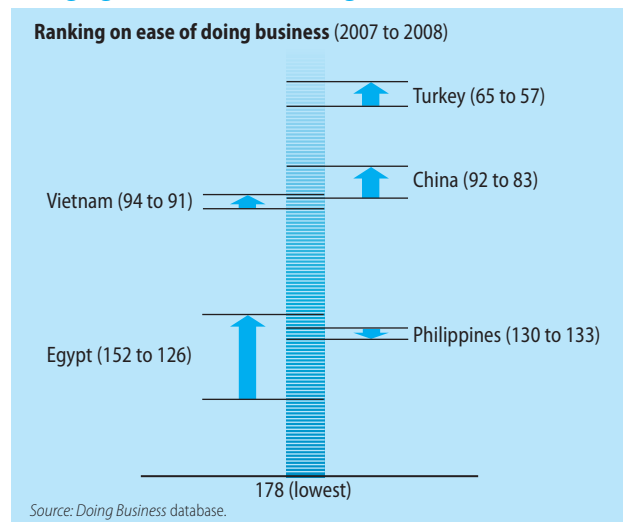
Shareholders benefit from reform

FIGURE 1.3

Emerging markets are reforming

Comparing business regulations across Philippine cities

When compared internationally, cities in the Philippines do well in respect to the time to change the title of a property, but lag behind in the number of procedures to start a business or deal with construction licenses. It takes on average 32 days to register property across the 21 cities, the same as Austria, which ranks 56 globally in this category. In contrast, the 18 procedures required on average to start a business would put Philippine cities toward the bottom of the 178 economies ranked by the number of procedures to start a business. Different local government requirements and local practices drive the variation in procedures, time and cost across cities. *Doing Business* identifies these differences and helps policy makers review them from a comparative perspective.

Starting a business

Local-level requirements account for 12 of the 23 procedures to start a business in Davao, but just 4 (of a total of 15) in Marikina and Taguig. Most procedures can be done relatively quickly, but the time adds up due to the high number of procedures; time needed to start a business ranges from 27 days in Taguig to 52 in Manila. The cost of local-government fees and taxes also varies—amounting to 3.7% of income per capita in Lapu-Lapu and 29% in Las Piñas—but in all places there is a multitude of local fees and taxes, making for a complex system that requires entrepreneurs to first obtain assessments of the fees that are later paid at different offices. Other fees, required by national-level regulation, are equivalent to about 10% of income per capita and are the same for all cities. The cost of printing the receipts and invoices ranges from 2% to 5% of income per capita.

Dealing with licenses

The procedures to obtain construction-related authorizations also vary by location. The process is easiest in Taguig, with 23 procedures, but more cumbersome in Mandaue and Pasig, with 33 procedures. There are also variations in time, due mainly to the time it takes to obtain a permanent electricity connection, only 5 days in Tanauan, but 3 months in Metro Manila cities.³ Regarding costs, construction-related procedures represent on average 243.1% of income per capita. Electricity transformers are the main source of costs for construction-related procedures in some cities. They represent an

upfront cost for the business even if they are reimbursed at the end of the contract.

Registering property

The same 8 procedures are required to register property in all 21 cities. Yet, different local practices and levels of administrative efficiency lead to wide differences in time and cost across cities. Registering property is fastest in Mandaluyong, where it takes 21 days; an entrepreneur in Mandaue needs 6 weeks to do the same. The main sources of delays are the procedures required by national agencies—the BIR and the Registry of Deeds. These institutions account for about 75% of the time to register property.

What gets measured, gets done

Publishing comparative data on the ease of doing business inspires governments to reform. Since its start in October 2003, the *Doing Business* project has inspired or informed 113 reforms in 98 economies around the world. Countries as diverse as Georgia or Mauritius have used the *Doing Business* ranking to target improvements and monitor progress.

Comparisons among cities within a country are even stronger drivers of reform. That was the case in Mexico, where a subnational *Doing Business* study covering 12 states was first published in 2005. The study created competition to reform, as governors and mayors found it difficult to explain why it cost more to comply with administrative procedures in their state or city as compared to their neighbors—despite sharing identical federal laws and regulations. The second benchmarking in 2006 showed that 9 of the 12 states measured one year earlier had reformed in at least one of the areas benchmarked by *Doing Business*. Governors realized that simple administrative reforms could make their states and cities nationally and globally competitive. Most importantly, states could adopt best practices from their reforming neighbors.

Cities in the Philippines can learn from each other and adopt good regulations and practices that already exist. A hypothetical Philippine city that would adopt the better practices in the 3 areas covered by this report would rank 125 of 178 economies on the ease of doing business index. By reforming these 3 areas alone, the ranking of the Philippines (as represented by Manila in *Doing Business 2008*) could improve by 8 positions. This would reduce the time to start a business to the 27 days

TABLE 1.1
Best practices in the Philippines compared internationally

Indicator	Global ranking (178 economies)
Days to deal with licenses Tanauan (58 days)	6
Days to register property Mandaluyong (21 days)	35
Cost to register property Mandaue (3.3% of property value)	54
Cost to deal with licenses Makati, Manila (102.4% of income per capita)	61
Days to start a business Taguig (27 days)	76
Cost to start a business Lapu-Lapu (17.0% of income per capita)	79
Number of procedures to register property All cities (8 procedures)	124
Number of procedures to deal with licenses Taguig (23 procedures)	142
Number of procedures to start a business Manila, Marikina, Taguig (15 procedures)	168

Source: *Doing Business* database.

of Taguig, similar to Mexico and Chile. The cost would be 17% of income per capita as in Lapu-Lapu, comparable to the Republic of Korea. Cutting the time to get construction licenses to build a warehouse to the level of Tanauan—58 days—would put the Philippines ahead of New Zealand, which ranks 7 globally in this area. Adopting the time to register property in Mandaluyong—21 days—would put the hypothetical Philippine city in position 35 worldwide, the same rank as the United Kingdom. The cost would be cut to 3.3% of property

value, like in Mandaue—below the OECD average of 4.6%. Yet, even the best performing cities in the Philippines lag relatively behind regarding the number of procedures across the 3 areas (table 1.1).

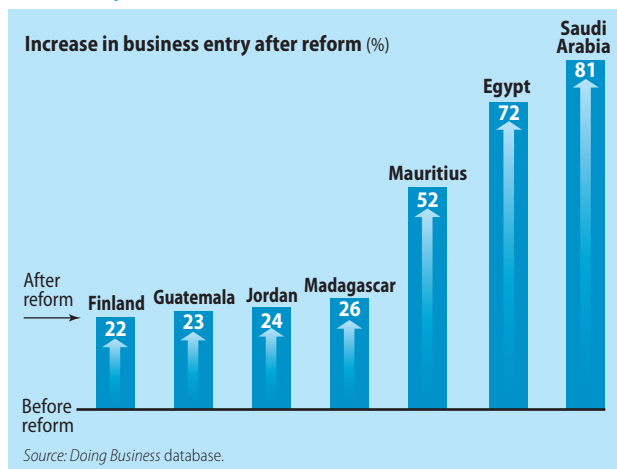
Women entrepreneurs often benefit most from reforms that eliminate cumbersome regulations. Uganda is an example. Having to live with complex regulations to start a business, women were easy targets for corrupt officials—43% of female entrepreneurs reported harassment from government officials compared with 25% of all entrepreneurs. When reforms simplified business start-up procedures, registrations shot up. The increase in first-time business owners was 33% higher for women.⁴

Payoffs from reform can be large. Higher rankings on the ease of doing business are associated with more growth, more jobs and a smaller share of the economy in the informal sector.⁵ Georgia, the top reformer in *Doing Business 2007*, now has 15 registered businesses per 100 people—the same as Malaysia.⁶ Simplified regulations also encouraged entrepreneurs to start their own business in Egypt (figure 1.4).

Notes

1. Djankov, Simeon, Rafael La Porta, Florencio Lopez de Silanes and Andrei Shleifer. 2002. “The Regulation of Entry.” *Quarterly Journal of Economics* 1(118):1–37.
2. The cities belong to metro cities category. They were selected because they were identified by the National Competitiveness Council as the priority cities for improving the country’s competitiveness and attractiveness for investments. The metro city classification is adopted from the Asian Institute of Management–Policy Center’s Philippine Cities Competitiveness Ranking Project (PCCRP). Tanauan, the only non-metro city, was included as a test case for smaller cities.
3. Metro Manila cities are served by only one electricity provider.
4. World Bank. 2007. *Doing Business 2008*. Washington, D.C.: World Bank Group.
5. Djankov, Simeon, Caralee McLiesh and Rita Ramalho. 2006. “Regulation and Growth.” *Economics Letters* 92(3): 395–401.
6. World Bank. 2007. *Doing Business 2008*. Washington, D.C.: World Bank Group.

FIGURE 1.4
More entry after reform



Starting a business

Countries differ significantly in the way they regulate entry of new businesses. In some, the process is straightforward and affordable, while in others the process is so cumbersome that entrepreneurs either bribe officials to speed up the process or simply run their business informally. Without access to courts and credit, and in constant fear of harassment by public officials, informal businesses remain small and their productivity is low. When reforms make it easier to legalize their operations, the informal businesses are the first to register.¹ Furthermore, the reforms to ease the entry of new firms are relatively easy and not too costly to implement.² Often they do not require major legislative changes.

Starting a business in a Philippine city takes on average 18 procedures and 35 days, and costs 27% of income per capita. This is the same time as in China—which ranks 100 of 178 economies on the time to start a business—and a similar cost to that in Fiji, ranked 97 in the cost to start a business. The number of procedures

compares to Brazil and is only 2 procedures fewer than in Equatorial Guinea, the country with most procedures to start a business. Yet, there are wide differences in the procedures, time and money an entrepreneur has to spend to complete the process across Philippine cities. The main reason: different procedures and practices at the local government level, different performance of local branches of national agencies, as well as variations in local taxes and fees. Entry requirements are easiest in Taguig and relatively difficult in San Juan (table 2.1).

When compared globally, Philippine cities stand out in terms of the high number of procedures, which varies from 15 to 23 across cities. Compare that with an average of 9 procedures in East Asia and Pacific. No wonder that entrepreneurs in the Philippines resort to intermediaries who can speed up the process with informal dealings. In the Philippines, 11 procedures are required by national-level regulations and are the same in all cities. These include the verification of the availability of the company name and registration at the Securities and Exchange Commission (SEC), as well as procedures to register the company for taxes, social security and health care.

Some of these nationally-mandated requirements are redundant. For example, entrepreneurs need to buy specialized accounting books, obtain authorization to print receipts and have the printed receipts stamped by the Bureau of Internal Revenue. The legalization of books and receipts is an outdated practice as enterprises increasingly use electronic means of accounting. It has been argued that having books and receipts registered and stamped minimizes tax evasion. However, this is

What's measured?³

Doing Business in the Philippines 2008 measures all the necessary steps to enable a small or medium enterprise in general commercial or industrial activities to operate legally in 21 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.

TABLE 2.1

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

City	Ease of starting a business (rank)	Procedures (number)	Time (days)	Cost (% of income per capita)	Paid-in minimum capital (% of income per capita)
Taguig	1	15	27	22.8	6.9
Lapu-Lapu	2	16	33	17.0	6.9
Marikina	3	15	28	27.5	6.9
Cebu	4	16	32	23.9	6.9
Mandaluyong	5	18	29	22.8	6.9
Mandaue	6	17	34	21.3	6.9
Caloocan	7	16	28	35.5	6.9
Parañaque	8	17	33	24.5	6.9
Quezon City	9	17	37	21.6	6.9
Navotas	10	20	33	22.4	6.9
Tanauan	11	22	36	17.9	6.9
Malabon	12	19	31	31.2	6.9
Makati	13	18	32	37.2	6.9
Pasay	14	17	35	35.2	6.9
Valenzuela	14	22	37	21.0	6.9
Manila	16	15	52	32.6	6.9
Muntinlupa	17	18	40	25.4	6.9
Las Piñas	18	19	33	44.6	6.9
Davao	19	23	42	20.7	6.9
Pasig	20	22	35	27.7	6.9
San Juan	21	21	39	27.5	6.9

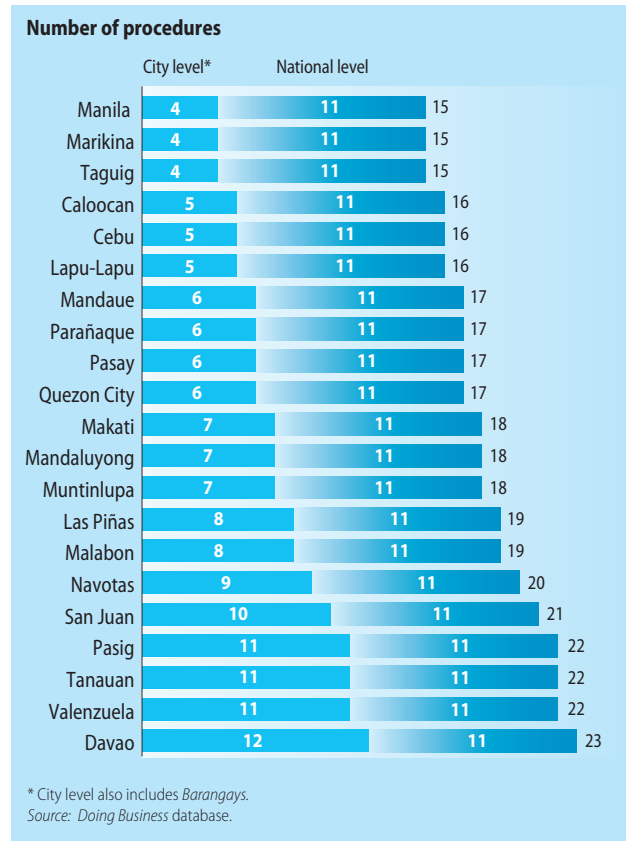
Note: The ease of starting a business rankings are the average of the city rankings on the procedures, time, cost and paid-in minimum capital for starting a business. See Data notes for details. Source: Doing Business database.

not necessarily the case. Companies can find alternative means of accounting to hide revenue from the tax authority. Portugal eliminated the mandatory registration of company books in 2007. Already, 89% of countries do not require this procedure.

The number of procedures for starting a business varies widely at the local level—from 4 in Marikina and Taguig to 12 in Davao (figure 2.1). In the former 2 cities, the business permit can be obtained by visiting the Business Permit and Licensing Office and paying the fees at the City Treasurer's Office. Inspections take place once the business is up and running. Entrepreneurs in Tanauan must deal with 4 additional offices—the city's local engineering and health departments plus the local units of the Philippine National Police and the Bureau of Fire Protection⁴—and wait for 2 inspections prior to starting operations, adding to the start-up costs and time. Eleven out of the 21 cities require a zoning clearance, which often includes an inspection. This is in addition to the clearance required from the *Barangay* (district).

Most procedures can be done expeditiously, but due to the high number of procedures the total time to

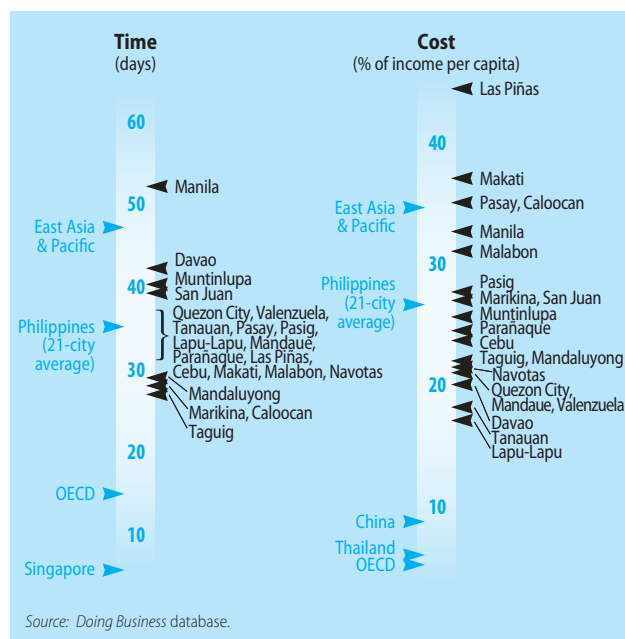
FIGURE 2.1

Many procedures at the local level

start a business adds up (figure 2.2).⁵ Even the city with the shortest time to start a business, Taguig, would rank only 76 of 178 economies, similar to Chile, and far from the top performer, Australia, where start-up takes only 2 days. Registration with the SEC alone takes on average 3 days. The time to register with the Social Security System varies between 2 and 7 days depending on the efficiency of the social security branch in that city.

The cost to start a business also varies across cities. In Lapu-Lapu, entrepreneurs spend the equivalent of 17% of income per capita to open a business; for those in Las Piñas, the cost is well more than double (figure 2.2). Cost equivalent to 10% of income per capita are required by national-level regulations and are the same in all cities. Total costs are lower than in Indonesia, where start-up costs represent 80% of income per capita, but high compared with Thailand (5.6%) and China (8.4%). Local government fees and taxes—necessary to obtain the business permit—drive the variation in the cost to start a business across cities. Local government fees and taxes amount to Philippine peso (PHP) 2,661 (about US\$52) in Lapu-Lapu, but are 8 times more in Las Piñas. Entrepreneurs in the Philippines need to put

FIGURE 2.2
Starting a business in the Philippines—variation in time and cost

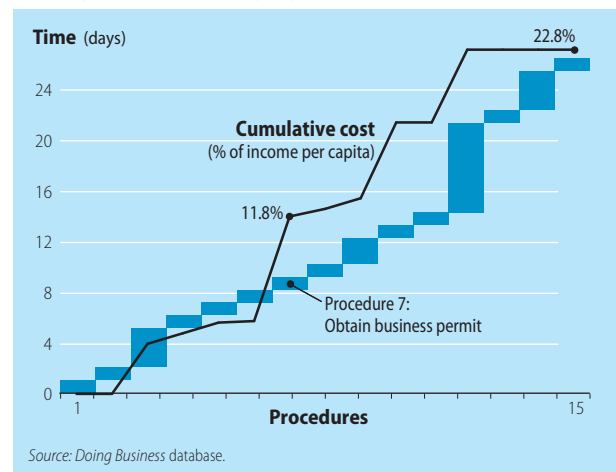


aside a minimum of PHP 5,000 (about US\$97) from the initial capital. This makes it more expensive for the entrepreneur, who would be better off using the money to get the business underway.

Not only is the cost relatively high, but finding out how much is owed can be challenging. In all cities, multiple fees and taxes apply including mayor’s permit fees, license fees, inspection fees, garbage fees, signboard fees and processing fees. And these fees have to be paid every year. In Valenzuela, the entrepreneur has to go to different offices to get an assessment of the fees and then pay them at another office. Those doing business in San Juan get a preliminary estimate of fees and taxes after applying for the business permit, and then must obtain a final assessment after receiving the locational clearance and the fire clearance. Having multiple fees reduces transparency and increases the risk for informal payments. Why not combine all fees into a single payment at one office?

Things are improving in some cities. Taguig introduced a customer service center where the entrepreneur submits all the documents for the business permit (figure 2.3). The staff at the customer service and not the entrepreneur takes care of the assessment of the fees. The entrepreneur receives the assessment and can immediately obtain the business permit. Marikina has an award-winning customer care center that delivers the permit and business plate directly to the business. Caloocan now offers modern, air-conditioned lounges

FIGURE 2.3
Starting a business in Taguig—easiest in the Philippines



where entrepreneurs can obtain their business permits. Quezon City added new counters and expanded working hours during lunch hours and Saturdays to reduce delays. It has also started to introduce inspections based on risks to health, safety or the environment, instead of automatically inspecting all businesses.

Other cities have brought all relevant agencies under one roof or service center, the so-called “one-stop shops.” Yet, the success of their implementation remains to be proved. According to a recent government report, 74% of the cities have such one-stop shops, but the level of implementation and efficiency varies.⁶ The Department of Trade and Industry has also set-up National Economic Research and Business Assistance Centers (NERBACs) in Cebu and Davao that bring together national and local government agencies. This is a start, but entrepreneurs still have to go from counter to counter to obtain their permits and clearances unlike in real one-stop shops where the applicant interacts with a single official, thus reducing procedures and opportunities for corruption. Also, some of these service centers operate only during the business permit renewal period at the beginning of the year.

Computerization has helped to reduce delays. “Before it took up to a month to obtain the business permit, now it only takes 3 days” says an entrepreneur in Lapu-Lapu. Yet, entrepreneurs still have to visit the city offices several times to get their permit in most cities. Also, Philippine cities are starting to go online. The application forms for the business permit can be downloaded from the Internet in 7 of the 21 cities, cutting one procedure from the process. The company can also verify the availability of the name and register online at the SEC Web site, but then a representative must visit the SEC office to pay the fees.

The national government is working on the Philippine Business Registry, which aims to become an online single access point for all requirements to start a business including those with the local governments that decide to join the system. Mauritius introduced a similar system last year, cutting the time to start a business from 46 to 7 days. Once the system is operational, Philippine businesses would obtain a single identification number for all their interactions with government agencies. The first phase of the system is to link the databases of the different agencies involved in business start-up such as business registries, the tax authority, social security and the public health insurance system.

What to reform?

Eliminate excessive and unnecessary procedures

Cities could follow the example of Taguig and cut the requirements to obtain the business permit. Or even better, why not eliminate the requirement to obtain a business permit for low-risk general commercial activities all together? Top-performing countries, like Australia and Canada, do not require a business license separate from registration for general commercial activities. Only licenses for specific sectors with health, environmental or other risks exist. Another way to cut procedures would be to eliminate the inspections required before the business starts operations. Cebu created a joint team of inspectors that visits the business after it receives the business permit. The next step is to classify businesses by risk levels, as Quezon City is starting to do, and focus the inspections on those with higher risk instead of inspecting all businesses.

Consolidate and cut fees and taxes

In Denmark, entrepreneurs pay nothing to start their business. Money to pay for government services is raised with taxes. In the Philippines, new businesses

face multiple fees both at the national and local government level in a nontransparent system. Cutting fees would also reduce the need for obtaining the assessment of fees. At a minimum, all fees could be combined into a single fixed fee and information on costs should be made easily available.

Introduce single access points

Since 2003, 24 countries have created one-stop shops, cutting on average 5 procedures and more than halving start-up time.⁷ The project to create the online business registry will take time to be fully integrated with all relevant agencies. Local governments like Taguig have already consolidated procedures to obtain a business permit, reducing the number of interactions for the entrepreneur. Officials from the national-level agencies can be assigned to the one-stop shops too, but in order to operate efficiently, these officials need to have approval authority.

Notes

1. World Bank. 2007. *Doing Business 2008*. Washington D.C.: World Bank Group.
2. The introduction of a fast-track system to start a business in Portugal cut the time by 46 days in 2006. The reform was implemented in 5 months and cost US\$350,000. World Bank. 2005. *Doing Business in 2006: Creating Jobs*. Washington D.C.: World Bank Group.
3. See the detailed description of the standard case in Data notes.
4. The Philippine National Police and the Bureau of Fire Protection are agencies attached to the Department of the Interior and Local Government.
5. *Doing Business* assumes that each procedure has a minimum duration of one day. See Data notes for details.
6. Department of the Interior and Local Government. 2008. *Report to the National Competitiveness Council*. Makati, The Philippines.
7. World Bank. 2007. *Doing Business 2008*. Washington D.C.: World Bank Group.

Dealing with licenses

Emilito opened his first bookstore 2 years ago. Business is going well and he is planning to expand his distribution network to other cities. To do so, he has decided to build a warehouse. As he prepares the budget and timeline, he ponders. He has heard that in Davao it only takes 2 months to obtain all the permits and utility connections for the warehouse, compared to almost 5 months in Metro Manila cities. Contractors who have been around for a long time have warned him about the cumbersome process and the risk that one may end up paying “facilitation fees.”

Across the 21 Philippine cities, the process consists on average of 28 procedures that take 129 days and cost 243.1% of income per capita. In East Asia and Pacific, it takes an average of 19 procedures and 175 days, and it costs 177% of income per capita. Obtaining construction-related approvals in the Philippines is relatively easier in Makati and Marikina (table 3.1). But the

number of procedures is also high in these cities. With 25 different requirements, they would rank 149 of 178 economies in the number of procedures.

TABLE 3.1

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

City	Ease of dealing with licenses (rank)	Procedures (number)	Time (days)	Cost (% of income per capita)
Makati	1	25	125	102.4
Marikina	1	25	121	123.0
Las Piñas	3	25	134	115.7
Taguig	4	23	121	136.1
Valenzuela	4	25	123	129.2
Manila	6	24	203	102.4
Quezon City	7	28	141	123.0
Davao	8	28	60	464.6
Caloocan	9	29	135	132.0
Tanauan	10	29	58	1072.3
Muntinlupa	11	30	141	127.0
Navotas	12	27	145	142.8
Cebu	13	31	83	476.5
Mandaluyong	13	29	155	135.1
Pasay	15	27	161	139.8
Parañaque	16	31	137	137.1
Mandaue	17	33	70	480.6
Malabon	18	29	155	145.8
Lapu-Lapu	19	32	90	557.5
Pasig	20	33	173	127.6
San Juan	20	31	175	134.8

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

Source: *Doing Business* database.

What's measured?¹

Doing Business in the Philippines 2008 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 include submitting project documents (building plans, site maps) 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.

The time to deal with licenses ranges between 58 and 203 days across the 21 cities (figure 3.1).² The fastest cities, Tanauan and Davao, would rank 6 globally, ahead of New Zealand, which, at 65 days, ranks 7 in the time to deal with construction licenses. The main source of differences is the time to obtain the permanent electricity connection, which takes 3 months in Metro Manila cities.³

The cost to comply with all the procedures required to build a warehouse varies across the cities. It costs 102.4% of income per capita in Makati and Manila but 1,072.3% in Tanauan (figure 3.2). With the average cost of 243.1% of income per capita, the 21 cities in the Philippines rank above other countries in the region such as Indonesia (286.8%), Vietnam (373.6%), and China (840.2%). However, it costs less to complete construction-related procedures in neighboring Malaysia (10%) or Thailand (10.7%).

At the pre-construction stage, there are different procedures across the cities (figure 3.3). In order to apply for the building permit in cities like Pasay, a company has to visit the City Assessor’s Office to obtain a certified true copy of the tax declaration of real property and a tax clearance to certify that there are no arrears in property taxes. But in Makati, a photocopy of these documents can be submitted instead. Most cities in Metro Manila require notarization of the locational clearance and/or the building permit applications. The new application forms for the building permit have a section for notarization. This is an example of a negative reform because the new application forms increase the time and cost to obtain the permit. Davao and Mandaue

are among the cities still using the old forms that do not require notarization.

Pre-construction clearances such as the locational clearance from the City Planning and Development Office slow down the process and increase the costs. Obtaining the locational clearance can take up to 15 days in some cities in Metro Manila but only 6 days in Davao and 3 in Marikina. “Obtaining clearances in Marikina is quite faster than in other cities. There are no informal fees and dealings with the staff are transparent. The contractor only has to make sure that all necessary documents are complete” says a builder. The cost of the locational clearance also varies across cities. Tanauan charges a fixed fee of PHP 400 (about US\$8) for the locational clearance, whereas in Malabon the fee is based on the size of the warehouse and in our case amounts to PHP 23,450 (about US\$457).⁴ Another pre-construction clearance is the one from the *Barangay*. In the Philippines, the fees are set by each *Barangay* after consultation with the community and then sent to the City Council for ratification. As a result, each *Barangay* may charge different fees for its clearance for the same project.

Building permit fees also created confusion among contractors. A recently resolved legal dispute delayed

FIGURE 3.1
Number of days to deal with licenses

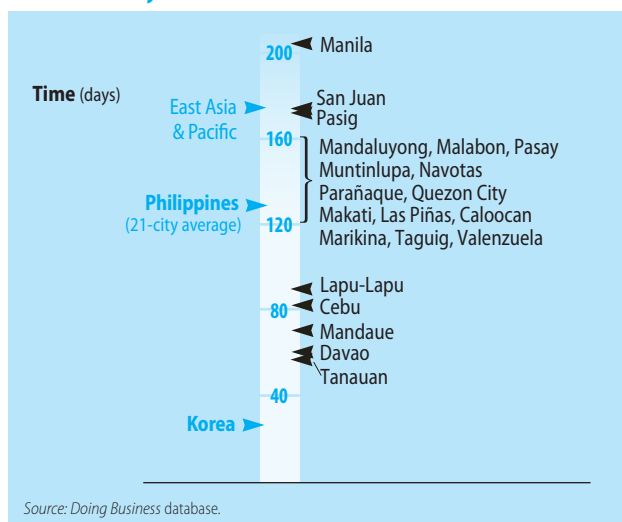


FIGURE 3.2
Cost of dealing with licenses

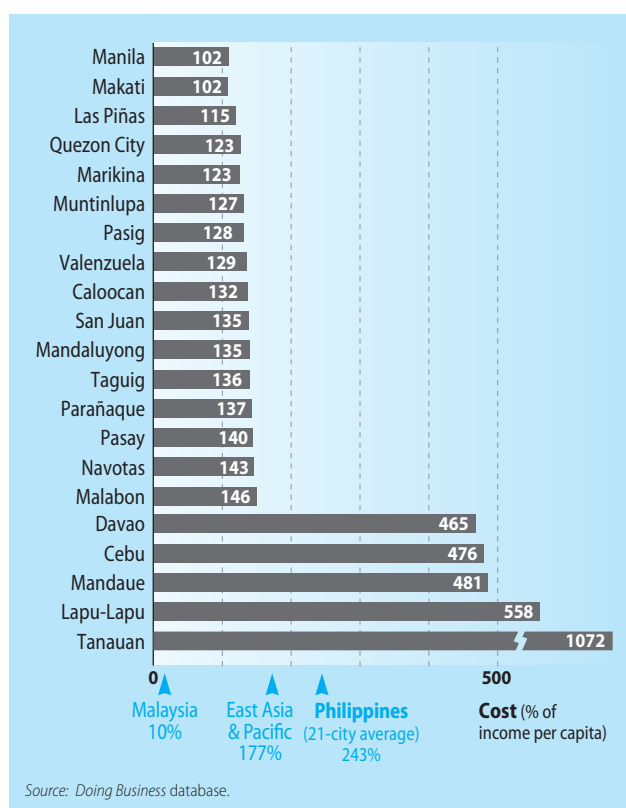
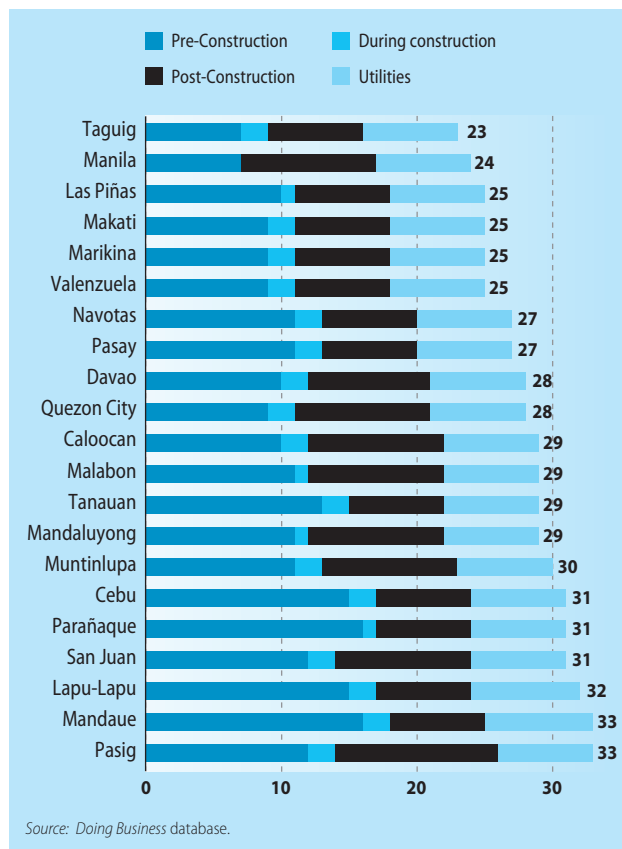


FIGURE 3.3

Number of pre-construction and post-construction procedures

the implementation of the building permit fees set in the Implementing Rules and Regulations of the National Building Code. While the dispute lasted, the local governments determined whether the new schedule of fees—PHP 23 per square meter—should be applied. As of December 2007, the cities of Mandaue, Cebu, Lapu-Lapu and Makati were still using the old fee schedule of PHP 12 per square meter while the remaining cities had already enforced the new fees. After a Manila court decision in February 2008, the new fees will need to be implemented in all cities.

There is a 15-day statutory limit for the issuance of the building permit in the Philippines, but it only starts from the date of payment of the building permit fees, not from the time of application. The local governments in Makati, Marikina and Valenzuela have already shortened the statutory time period to 6 or 7 days, but in cities like Davao and Parañaque, contractors complain about the time it takes to obtain the building permit—26 and 23 days respectively. Experiences from around the world show that statutory time limits are most effective when coupled with ‘silence is consent’ rules. This is already the case with the fire safety approval in the Philip-

pines. When the builder submits the building plans for approval, the local fire marshal has to give a response within 5 working days from the date of referral. Failure to act within the said period means that the plans and specifications conform to all the requirements of the Fire Code of the Philippines.

An entrepreneur who wanted to obtain a building permit from Mandaluyong or Pasay would have to make separate visits to the Bureau of Fire Protection (BFP) to obtain the fire safety approval from the local fire marshal. By contrast, in Cebu, Marikina, Parañaque, Pasig and Valenzuela, there is a liaison officer who will take the plans to the BFP for approval. Similarly, in order to pay for the fire approval and the fire inspection certificate fees, in Navotas, Mandaluyong, Pasig and Tanauan, the contractor has to visit the BFP and the City Treasurer’s Office. Contractors in Navotas identify the BFP “as a major bottleneck in the whole range of procedures in the building permit application.” Across the rest of the cities in Metro Manila, the Visayas cities and Davao, the assessment and payment for the BFP fees is at the Office of the Building Official (OBO).

Adding to the number of procedures across the 21 cities are the random inspections from the BFP and the OBO during construction. Random inspections offer opportunities for bribes and waste resources. The authorities lose out because they cannot systematically monitor the structural soundness of the building and businesses lose time and money every time they have to stop construction to pay off an inspector.

Post-construction procedures vary across cities. In most cities, the inspections for the certificate of occupancy and certificate of electrical inspection take place simultaneously, whereas in Caloocan, Malabon, Mandaluyong, Muntinlupa, Pasig and San Juan the certificate of occupancy is a prerequisite for the certificate of electrical inspection. In the cities that process the certificates simultaneously, the application for the certificate of occupancy includes a form for the certificate of electrical inspection. The contractor makes fewer visits to the respective offices and receives one joint inspection instead of inspections from different offices at different times.

Utility connections add to the time and cost. In Metro Manila cities, it takes about 3 months to obtain the permanent electricity connection for a warehouse, compared with 4 days in Davao. The firm must pay upfront for the costs of the transformers plus the installation costs. The installation costs are generally deducted from the electricity bills. The cost of the transformers is refunded in Metro Manila cities through annual deductions but for

the other cities this cost is only recovered at the end of the contract, which adds to the construction-related costs.

Cities in the Philippines could learn from neighbors Singapore and Hong Kong, China, which are among the top-10 performers in the ease of dealing with licenses, as well as Thailand and Malaysia, which are among the top 30 performers. China introduced reforms whereby Beijing and Shanghai now process applications for construction permits electronically and allow construction companies to apply for safety certificates online, reducing delays by 2 weeks.⁵

What to reform?

Create one-stop shops to consolidate clearances

The cities in the Visayas and Parañaque could benefit from such reforms, cutting the requirements at the OBO for the evaluation and approval of the building plans. Currently, upon submitting the required documents for the building permit, the applicant has to visit different sections to have the plans evaluated and approved. In other cities surveyed, this is done internally. One-stop shops could centralize applications and process all project permits and clearances, minimizing processing time and red tape.

Computerize licensing application and processing

In Makati, the city government provides downloadable building permit application forms from the city government's Web site. Las Piñas and Muntinlupa have computerized the processing of building permits since 2003. Developers in Austria, Denmark, Norway and the United States complete their application online. Further developing and improving the online system will save time for both the businesses and the government officials. It also removes interactions with different officials and the likelihood of under-the-table transactions.

Introduce risk-based inspections

Countries with a system of risk-based inspections have fewer inspections on average than countries with

random inspections. Countries with risk-based inspections do not compromise the general safety of their citizens. Instead of visiting the site at whim, inspectors stick to a schedule based on the completion of each construction phase. In countries as diverse as Finland and Nigeria, certified testing companies conduct testing only after major stages of the construction project are completed. In Singapore, engineers and technical experts are trained to become "qualified experts." These experts are employed by private companies, but have a professional duty to the state to inspect construction sites and report any safety breaches they find.

Increase the transparency and information about the process

Builders in the Philippines need to understand how the process works. Dealing with licenses can be facilitated if there are flowcharts displayed in public places or on the Internet. In 2001, the municipal authorities in Riga (Latvia) created a step-by-step guide with a list of required documents and flowcharts showing which offices to visit when and with what documents, and listing the offices' addresses, working hours and contact number. This simple reform cut 2 months off the process and gave builders confidence and trust in the construction permit process.

Notes

1. See the detailed description of the standard case in Data notes.
2. *Doing Business* assumes that each procedure has a minimum duration of one day. See Data notes for details.
3. Metro Manila cities are served by only one electricity provider.
4. The cost is calculated as follows: PHP 18 per square meter plus a PHP 40 processing fee. *Doing Business* assumes a warehouse of approximately 14,000 square feet (1,300.6 square meters). See Data notes for details.
5. World Bank. 2007. *Doing Business 2008*. Washington, D.C. World Bank Group.

Registering property

Every cloud has a silver lining. The Napoleonic wars brought some of the fiercest battles Europe had seen. But to fund his conquests, Napoleon had all French properties accurately mapped and registered for taxation, saying “a good cadastre [property map] of the parcels will be the complement of my civil code.”¹ Once annexed, Belgium, the Netherlands and Switzerland received the same system.

There are better reasons for registering property than financing wars. Efficient property registration systems provide legal security of property. The benefit of such a system is driven by this thinking: efficient and inexpensive property registration systems encourage every property holder to receive a formal title. Titleholders can use their property as collateral to start a new business or expand existing operations, thereby expanding incomes and contributing to economic growth.² Indeed, banks in countries lacking adequate creditor information prefer land and buildings as collateral since they are difficult to move or hide. In the Philippines, 70% of commercial bank loans to businesses are secured by

land.³ The benefits go beyond credit. Property titling can also significantly increase land values and investment.⁴ Improving the security of property rights in Peru was shown to increase productive activities.⁵

What's measured?⁶

Doing Business in the Philippines 2008 records the full sequence of procedures, time and costs necessary when a business purchases land and a building to transfer the property title from another business so that the buyer can use the property for expanding its business, as collateral in taking new loans or, if necessary, to sell to another business. It is assumed that the property is already registered and free of title dispute. Every required procedure is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf.

TABLE 4.1

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

City	Ease of registering property (rank)	Procedures (number)	Time (days)	Cost (% of property value)
Mandaluyong	1	8	21	4.5
Muntinlupa	2	8	26	4.5
Tanauan	3	8	32	3.5
Cebu	4	8	32	3.5
San Juan	4	8	26	4.5
Valenzuela	4	8	30	4.5
Parañaque	7	8	27	4.5
Pasig	8	8	30	4.5
Las Piñas	9	8	25	4.5
Manila	10	8	33	4.2
Navotas	11	8	31	4.5
Taguig	12	8	32	4.5
Mandaue	13	8	43	3.3
Malabon	14	8	32	4.5
Lapu-Lapu	15	8	41	3.7
Pasay	16	8	32	4.7
Marikina	17	8	32	4.7
Makati	18	8	33	4.6
Davao	19	8	33	4.8
Caloocan	20	8	33	4.8
Quezon City	21	8	39	4.7

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.

In Manila, registering property takes on average 8 procedures and 33 days, and costs 4.2% of the property value. Even though the 8 procedures required to register property are the same as in Manila, the time and cost vary considerably across cities in the Philippines due to different administrative efficiencies and local practices. Registering property is relatively easier in Mandaluyong and relatively more difficult in Quezon City—there, it takes 39 days and costs 4.7% of the property value (table 4.1).

It is easier to register property in New Zealand than anywhere else in the world. The entire process can be completed with 2 online procedures at a cost of 0.1% of the property value. Lawyers certify land transfer documents for their clients and submit them electronically for registration. Confirmation is returned within minutes. But this efficiency is not limited to OECD countries—some of the countries in East Asia and Pacific are not far behind. In Thailand it takes 2 procedures and 2 days and in Kiribati it costs 0.1% of the property value to transfer a property from one domestic private company to another.

Time is measured in calendar days, from the preparation of the deed of sale and ratification by notary public to the application for registration with the Regis-

try of Deeds (RD) and finally the issuance by the City Assessor's Office (CAO) of a new tax declaration for the building in the name of the buyer. In Mandaluyong, the entrepreneur spends 21 days to register a property, whereas twice that time is spent in Mandaue (43 days) and Lapu-Lapu (41 days) (figure 4.1).

The differences in the time to register property across the cities can be attributed mainly to the performance of local offices of national agencies—the local RD and regional district offices of the Bureau of Internal Revenue (BIR) (figure 4.2). These institutions account for 75% of the time to register property. While an entrepreneur has to wait 2 weeks in Las Piñas to register a deed, she can do it in 3 days in San Juan. Furthermore, wide variations are experienced across cities in obtaining tax clearance at the BIR, commonly known as the certificate authorizing registration (CAR). It takes 25 days in Lapu-Lapu but only 5 days in Parañaque and Las Piñas to obtain this certificate.

The shorter time needed to obtain the CAR in Parañaque and Las Piñas can be attributed to the creation of a One Time Transaction (ONETT) team by the BIR's regional district offices in these 2 cities. These ONETT teams were mandated with time limits to complete the tax clearance. They also benefited from superior administrative oversight and staff performance management systems. As a result, the ONETT team handles the property transfer taxes and issues the CAR fast, usually within 5 days. In contrast, regional district offices that do not yet have ONETT teams are often characterized by lack of qualified personnel to conduct inspections to check the declared property value before issuing the CAR, burdensome documentary requirements, and lack

FIGURE 4.1

Time to register property varies across cities

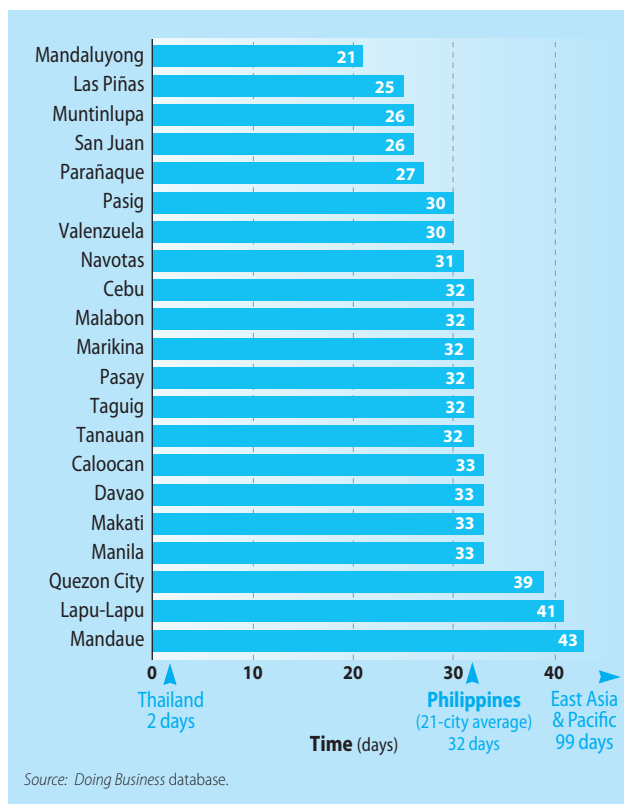
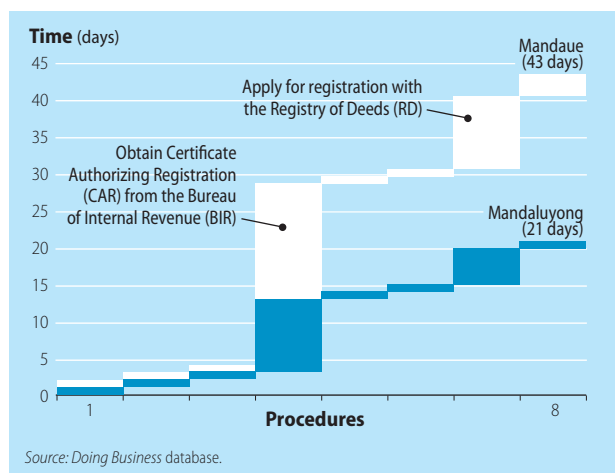


FIGURE 4.2

BIR and RD are the main sources of delays in Mandaluyong and Mandaue



of publicity about rules and regulations, all of which leads to delays in property registration.

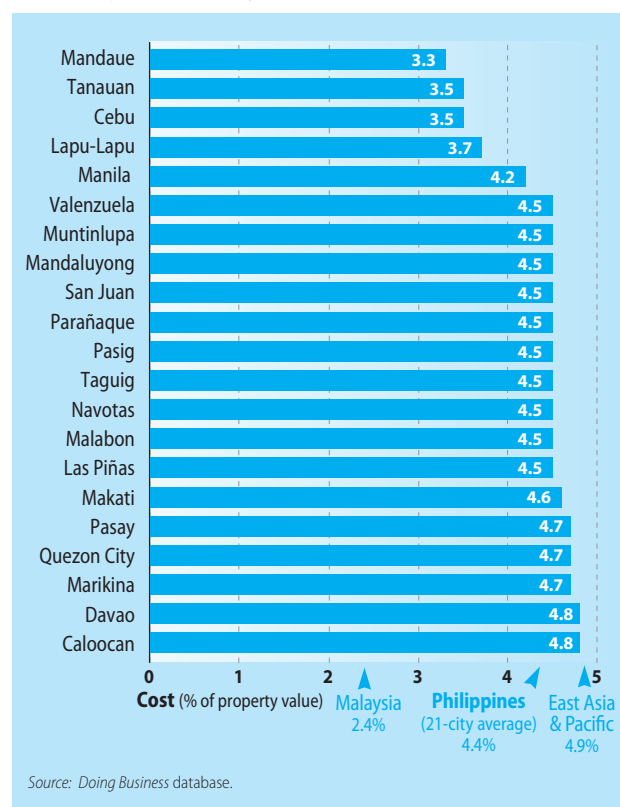
In general, land records are scattered among the BIR regional district offices instead of being consolidated in a sole national database. This makes it more difficult and expensive for property buyers to track the authenticity of tax clearances of land titles. At the same time, the manual handling of deeds is a key reason for the delays in the registration of deeds as it causes missing files, delays and typographical errors.

The cost to register property differs considerably across cities (figure 4.3). It is cheapest in Mandaue—3.3% of the property value—compared with 4.8% in both Davao and Caloocan. Notary public fees and property transfer tax drive this variation. Notaries prepare and ratify the sales deed and account for 27–45% of total expenses. Often the city revenue code sets notary fee schedules, though these may be outdated or simply not used. *Doing Business* recorded the most commonly charged fees in each city. By law, according to each city's revenue code and the chapter of the Integrated Bar of the Philippines, notaries can charge 1–3% of the property value to prepare and ratify the sales deed. In practice, the notaries in Mandaue, which charge on average 1%, are on the lower bound of the cost range; in contrast, notary fees of around 2% are commonly charged in Metro Manila cities. Similarly, the property transfer tax charges differ across cities. The City Treasurer's Office charges a property transfer tax of 0.8% of the property value in Davao and in Caloocan, but only 0.3% in Mandaue and 0.5% in Tanauan.

The costs for obtaining a certified copy of the latest tax declaration from the CAO and the application for registration with the RD—standardized across cities—represent a substantial portion of the registration costs. Obtaining a certified true copy of the latest tax declaration costs 1.5% of the property value in every city, whereas entrepreneurs in all cities pay PHP 17,631 (about US\$ 344) to apply for registration with the RD. Remember, New Zealand does not collect this fee at all.

In general, time and costs to register property in the Philippines compare favorably with OECD and East Asia and Pacific countries, but the Philippines lags behind on the number of procedures. The example of well-performing cities such as Mandaluyong shows that low-performing cities can look for good practices within the Philippines—not just internationally. If other locations, including Manila, were to adopt the time to register property in Mandaluyong (21 days) and the cost in Mandaue (3.3% of the property value), the Philippines

FIGURE 4.3

Cost to register property—lowest in Mandaue

would climb 31 places in the global ranking regarding the ease of property registration globally. This would bring it to the ranks of the Czech Republic (54) and well above Malaysia (67) and Korea (68) on the ease of property registration globally.

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.⁷ The rich have few problems protecting their property rights. They can afford the costs of investing in security systems and other measures to defend their property. But small entrepreneurs cannot. Reform can change this. Many developed countries, and an increasing number of developing countries, have simple, inexpensive, and fast property registration processes.

The Chamber of Thrift Banks noted that about 46% of properties in the country remain informal. Currently, there is a bill under consideration that, if adopted, will hasten the process of property registration. This will have the potential to boost loan portfolios by making it easier for prospective borrowers to use their properties as collateral. Furthermore, there are ongoing reforms to the land titling system in the Philippines and a land

administration and management reform program (Land Administration and Management Program-LAMP 2) is being carried out by the Department of Environment and Natural Resources. Other reforms could help in streamlining the property registration system in the Philippines, by cutting procedures, time and costs.

What to reform?

Introduce fast-track procedures

An entrepreneur currently spends on average 75% of the total time registering property at the BIR's regional district office and at the local RD. These agencies may be in need of some capacity building to reduce delays—hiring qualified personnel to conduct inspections, training staff and computerizing to avoid missing files and overlapping titles. But such reforms take time especially in cities where ONETT does not exist. In order to speed up registration in the short term, the BIR and RD could offer clients a choice of expedited procedures: pay a slightly higher fee and the registration is completed in 1–2 days. Cases would be prioritized in a transparent manner, and those who prefer not to wait would be given an official way to speed the process. This type of scheme is offered in a number of cities around the world, such as Buenos Aires, Ulan-Bator and Kiev. However, in the medium to long term the implementation of ONETT should be extended to all cities.

Offer standardized sale-purchase contracts and make the use of notaries optional

Most cities in the world do not require double verification—one by a notary public and one by the RD officials. Philippine cities do. Currently the sales deed must be ratified before the notary public and it is common for her to draft it and conduct the whole process on behalf of the parties. Philippine cities could cut one procedure by standardizing sale-purchase contracts and making them available to the public. Since records are kept updated in the RD, this reform would eliminate the double verification. In addition, it would significantly reduce costs, ensure fewer mistakes on contract forms and reduce the need to scrutinize the documents before registration. After completing this form, the parties would submit an application to the RD after paying transfer tax. *Doing Business* records that 3 out of 4 countries in the world manage property registration without mandating the use of notaries or lawyers, including the Philippine's neighbors Thailand, Cambodia and Taiwan, China.

Replace the stamp and transfer taxes for a fixed fee for property registration (instead of % of the property value)

Percentage-based fees may lead some entrepreneurs to undervalue their property to evade taxes, or simply to avoid registration completely. The government could establish a schedule of transfer and stamp fees and apply it to property transfer transactions. The increase in revenue from new registrations can make up for the reduction in fees, as the recent reform in Egypt shows. One year ago, registering a property in Cairo cost 5.9% of the property value. Ninety percent of properties were either not registered or registered at below market values.⁸ When the Egyptian government lowered the total cost to register from 5.9% of the property value to a fixed fee of 2,000 Egyptian pounds (about US\$348), revenue from property registration rose nearly 39% due to the increase in the number of registrations.

Allow for payment of stamp tax at the BIR

Currently, the seller files the documentary stamp tax return and capital gains tax return with the authorized agent bank in the regional district office of the relevant city. The taxes are paid at the authorized agent bank to the BIR account, causing one additional procedure. Philippines cities could facilitate property registration by allowing entrepreneurs to pay the stamp tax when they obtain the CAR from the BIR. Armenia, implemented a relevant reform, allowing entrepreneurs to pay notary fees at the notary office instead of at a designated bank.

Consolidate ownership and tax revenue records

At a minimum, create a single window interface for the entrepreneur, if not the government agencies. Instead of the entrepreneur going to the RD and the CAO, she would visit only the RD—which in turn would update the tax records. The ultimate goal is to have all records combined into the same database, so that they are automatically updated with every transfer. Belgrade is successfully implementing this reform.

Notes

1. UNRCC (United Nations Regional Cartographic Conference). 2004. *Cadastral Template: A Worldwide Comparison of Cadastral Systems*, Permanent Committee on GIS Infrastructure for Asia and Pacific, the University of Melbourne and the International Federation of Surveyors, available at <http://www.swisstopo.ch/cadastral/template2003>.

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4. Deininger, Klaus. 2003. *Land Policies for Growth and Poverty Reduction*, World Bank Policy Research Report series. New York, NY: Oxford University Press.
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6. See the detailed description of the standard case in Data notes.
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Data notes

Starting a business

Dealing with licenses

Registering property

The indicators presented and analyzed in *Doing Business in the Philippines 2008* measure government 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 register commercial property. The data for all sets of indicators in *Doing Business in the Philippines 2008* are for December 2007. In this project, *Doing Business* indicators have been created for 20 Philippine cities—the complete list is available in page 3. The data presented in this report for Manila and other economies is based on the global report *Doing Business in 2008*.

The *Doing Business in the Philippines 2008* data are collected in a standardized way, following the methodology developed by the *Doing Business* team. To start, the *Doing Business* team, with academic advisers, designs a survey. The survey uses a simple business case to ensure comparability across economies 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, using the data published for Manila in *Doing Business 2008* as a baseline to capture differences in business regulations across cities. Surveys are administered through more than 220 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) rounds of interaction with the *Doing Business in the Philippines 2008* 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.

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. And the data not only highlight the extent of obstacles to doing business; they also identify their source and point to the needed reform.

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 value 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 2008* would differ from the perceptions of entrepreneurs reported in the World Bank Enterprise Surveys or other perception surveys.

The laws and regulations underlying the *Doing Business* data are available on the *Doing Business* website at <http://www.doingbusiness.org>. All the sample surveys and the details underlying the indicators are also published on the website. Questions on the methodology and challenges to data can be submitted through the site's "Ask a Question" function.

Economy characteristics

Gross national income (GNI) per capita

Doing Business in the Philippines 2008 reports 2006 income per capita as published in the World Bank's *World Development Indicators 2007*, which is US\$1,420 for the Philippines. Income is calculated using the Atlas method (current US\$). For cost indicators expressed as a percentage of income per capita, 2006 GNI in local currency units is used as the denominator.

Region and income group

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

Exchange rate

The exchange rate used in this report is: 1 USD = 51.31 PHP

Starting a business

Doing Business in the Philippines 2008 records all procedures that are officially required for an entrepreneur to start up and formally operate an industrial or 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 economies, 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 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 2006, paid in cash.
- Performs general industrial or 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. 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 cause 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 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. 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.

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.

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. In Germany in June 2007 the minimum capital requirement for limited liability companies was €25,000, of which at least €12,500 was payable before registration. The paid-in minimum capital recorded for Germany is therefore €12,500, or 42.8% of income per capita. In Serbia the minimum capital requirement was €500, of which only half needed to be paid before registration. The paid-in minimum capital recorded for Serbia is therefore €250, or 8% of income per capita.

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 licenses

Doing Business in the Philippines 2008 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* also records procedures for obtaining all utility connections. Procedures necessary to register the property so that it can be used as collateral or transferred 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 licensing, 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 procedures are used.

Assumptions about the construction company

The business (BuildCo):

- Is a limited liability company.
- Operates in the selected city.
- 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 20 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 project

The warehouse:

- 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, is on the fringes of the city but still within its official limits). It is not located in a special economic or industrial zone.
- 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 be connected to the following utilities—electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- Will require a 10-ampere power connection and 140 kilowatts of electricity.
- Will require up to 100 cubic meters of water daily.

- 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.
- 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).

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 phone 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.

Time

Time is recorded in calendar days. The measure captures the median duration that local experts indicate is necessary to complete a procedure in practice. It is assumed that the minimum time required for each procedure is 1 day. 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 country'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 inspections before, during and after construction; getting utility connections; and registering the warehouse property. Nonrecurring taxes required for the completion of the warehouse project also are recorded. The 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.

Registering property

Doing Business in the Philippines 2008 records the full sequence of procedures necessary when a business purchases land and a building to transfer the property title from another business so that the buyer can use the property for expanding its business, as collateral in taking new loans or, if necessary, to sell to another business. 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. To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

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 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 5.2).

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. 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.

Ease of doing business

The ease of doing business index ranks selected cities from 1 to 21. The index is calculated as the ranking on the simple average of city percentile rankings on each of the 3 topics covered in *Doing Business in the Philippines 2008*. The ranking on each topic is the simple average of the percentile rankings on its component indicators.

The ease of doing business index is limited in scope. It does not account for a selected city's proximity to large markets, the quality of its infrastructure (other than services related to obtaining utility connections), the security of property from theft and looting, macro-economic 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 country context. The *Doing Business* indicators provide a new empirical data set that may improve understanding of these issues.

TABLE 5.2

What does registering 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 to complete each procedure

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

Source: *Doing Business* database.

Doing BUSINESS

Doing business indicators

City	Starting a business				
	Procedures (number)	Time (days)	Cost (% of income per capita)	Paid-in minimum capital (% of income per capita)	Ease of starting a business (rank)
Caloocan	16	28	35.5	6.9	7
Cebu	16	32	23.9	6.9	4
Davao	23	42	20.7	6.9	19
Lapu-Lapu	16	33	17.0	6.9	2
Las Piñas	19	33	44.6	6.9	18
Makati	18	32	37.2	6.9	13
Malabon	19	31	31.2	6.9	12
Mandaluyong	18	29	22.8	6.9	5
Mandaue	17	34	21.3	6.9	6
Manila	15	52	32.6	6.9	16
Marikina	15	28	27.5	6.9	3
Muntinlupa	18	40	25.4	6.9	17
Navotas	20	33	22.4	6.9	10
Parañaque	17	33	24.5	6.9	8
Pasay	17	35	35.2	6.9	14
Pasig	22	35	27.7	6.9	20
Quezon City	17	37	21.6	6.9	9
San Juan	21	39	27.5	6.9	21
Taguig	15	27	22.8	6.9	1
Tanauan	22	36	17.9	6.9	11
Valenzuela	22	37	21.0	6.9	14

City	Dealing with licenses			
	Procedures (number)	Time (days)	Cost (% of income per capita)	Ease of dealing with licenses (rank)
Caloocan	29	135	132.0	9
Cebu	31	83	476.5	13
Davao	28	60	464.6	8
Lapu-Lapu	32	90	557.5	19
Las Piñas	25	134	115.7	3
Makati	25	125	102.4	1
Malabon	29	155	145.8	18
Mandaluyong	29	155	135.1	13
Mandaue	33	70	480.6	17
Manila	24	203	102.4	6
Marikina	25	121	123.0	1
Muntinlupa	30	141	127.0	11
Navotas	27	145	142.8	12
Parañaque	31	137	137.1	16
Pasay	27	161	139.8	15
Pasig	33	173	127.6	20
Quezon City	28	141	123.0	7
San Juan	31	175	134.8	20
Taguig	23	121	136.1	4
Tanauan	29	58	1072.3	10
Valenzuela	25	123	129.2	4

City	Registering property			
	Procedures (number)	Time (days)	Cost (% of property value)	Ease of registering property (rank)
Caloocan	8	33	4.8	20
Cebu	8	32	3.5	4
Davao	8	33	4.8	19
Lapu-Lapu	8	41	3.7	15
Las Piñas	8	25	4.5	9
Makati	8	33	4.6	18
Malabon	8	32	4.5	14
Mandaluyong	8	21	4.5	1
Mandaue	8	43	3.3	13
Manila	8	33	4.2	10
Marikina	8	32	4.7	17
Muntinlupa	8	26	4.5	2
Navotas	8	31	4.5	11
Parañaque	8	27	4.5	7
Pasay	8	32	4.7	16
Pasig	8	30	4.5	8
Quezon City	8	39	4.7	21
San Juan	8	26	4.5	4
Taguig	8	32	4.5	12
Tanauan	8	32	3.5	3
Valenzuela	8	30	4.5	4

Doing Business

List of procedures

Starting a business

Caloocan

Standard company legal form: Corporation

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)

Time: 1 day

Cost: No cost

Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)

Time: 3 days

Cost: 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

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

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit;
- Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

Procedure 5. 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 taxes, fees and charges. 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.

Barangays in Caloocan issue certificates.

Procedure 6. Notarize the business permit application form at the City Legal Office (CLO)

Time: 1 day

Cost: No cost

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

- SEC registration;
- Articles of incorporation and bylaws;
- Barangay clearance;
- Community tax certificate;
- Duly accomplished and notarized application form;
- Photocopy of contract of lease;
- Public legal liability insurance;

- h. Vicinity map;
- i. Picture of establishment (outside and inside views).

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

Time: 3 days

Cost: PHP 14,477 (PHP 1,457 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 800 fire safety inspection fee)

Comments: The notarized application form is submitted at the BPLO for verification, inspection and assessment of fees. The business permit fees and taxes are paid at the CTO. The BPLO notifies the Health Department and the Bureau of Fire Protection and they will inspect the place of business after the release of the business permit. The company will be given a temporary sanitation permit from the Health Department, which is valid for 30 days.

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 accounts at bookstore

Time: 1 day

Cost: PHP 400

Comments: Special books of accounts are required for registering for VAT. 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.

Procedure 10. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 11. Pay the documentary stamp taxes (DST)

Time: 1 day

Cost: PHP 3,643

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.

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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- e. TRU form or photocopy of TIN card;
- f. 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 receipts, invoices and books of accounts stamped by the BIR

Time: 1 day

Cost: No cost

Comments: After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the 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:

- 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;
- d. Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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 is simultaneous with a previous procedure

STARTING A BUSINESS

Cebu

Standard company legal form: Corporation

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)

Time: 1 day

Cost: No cost

Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)

Time: 5 days

Cost: PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

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

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit;
- Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

Procedure 5. Obtain Barangay clearance

Time: 1 day

Cost: PHP 200 (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 taxes, fees and charges. 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.

Barangays in Cebu issue certificates.

Procedure 6. Obtain the business permit application form from the Business Taxes and Fees Division (BTFD)

Time: 1 day

Cost: No cost

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

- SEC registration;
- Articles of incorporation and bylaws;
- Duly filled-up and notarized application form.

Procedure 7. Notarize the business permit application form at the notary

Time: 1 day

Cost: PHP 20

Procedure 8. Obtain the business tax payment certificate (BTPC) at the BTFD

Time: 3 days

Cost: PHP 7,105 (PHP 3,643 business tax + PHP 2,000 permit fee + PHP 550 zoning fee + PHP 50 City Health Department + PHP 365 garbage fee + PHP 182 Office of the Building Official inspection fees + PHP 315 Bureau of Fire Protection fees)

Comments: The notarized application form is submitted to the BTFD for verification and assessment of the business permit fees and taxes. The business permit fees and taxes are paid at the CTO. Cebu has a joint inspection team (JIT) which comprises representatives from the Zoning Department, Office of the Building Official, City Health Department, Bureau of Fire Protection and the Office of the Mayor. Upon issuance of the BTPC, the inspection clearances of the JIT will be scheduled and will be conducted within sixty days from issuance of the BTPC.

Procedure 9. Buy special books of accounts at bookstore

Time: 1 day

Cost: PHP 400

Comments: Special books of accounts are required for registering for VAT. 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.

Procedure 10. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 11. Pay the documentary stamp taxes (DST)

Time: 1 day

Cost: PHP 3,643

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.

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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- 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 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 14. Have receipts, invoices and books of accounts stamped by the BIR

Time: 1 day

Cost: No cost

Comments: After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the principal place of business.

Procedure 15. 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;
- Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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

Standard company legal form: Corporation

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)

Time: 1 day

Cost: PHP 150

Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)

Time: 3 days

Cost: PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

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

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit;
- Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

Procedure 5. Obtain Barangay clearance

Time: 1 day

Cost: PHP 50 (between PHP 10–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 taxes, fees and charges. 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.

Barangays in Davao issue certificates.

Procedure 6. Obtain the business permit application form from the Business Bureau—Permits and License Division (BBPLD)

Time: 1 day

Cost: No cost

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

- SEC registration;
- Articles of incorporation;
- Cedula of the corporation (if business application is submitted after July 30, there's no need to present the cedula);
- Barangay clearance;
- Authorization letter from the owner of the company if third parties process and present the papers on behalf of the company.

Davao has a one-stop shop center (OSSC) for the processing of the business permit but the company still has to visit different offices at the OSSC for the processing of the permit.

Procedure 7. Notarize the business permit application form at the notary

Time: 1 day

Cost: PHP 50

Procedure 8. Get assessment of the engineering fees from the City Engineer's Office (CEO)**Time:** 2 days**Cost:** PHP 1,000**Procedure 9*. Receive inspection from the CEO****Time:** 1 day**Cost:** No cost (fees included in procedure 8)**Procedure 10. Proceed to the City Health Office (CHO) for the sanitary permit fee****Time:** 1 day**Cost:** PHP 250 (between PHP 150–PHP 300)**Procedure 11. Obtain the locational clearance from the City Planning and Development Office (CPDO)****Time:** 8 days**Cost:** PHP 330**Comments:** This clearance confirms that the intended land use is in accordance with the local government's zoning ordinances. The location clearance is specific for the type of business that the company will put up in the space it is renting.**Procedure 12*. Receive inspection for the locational clearance from the CPDO****Time:** 1 day**Cost:** No cost (fees included in procedure 11)**Comments:** Cost depends on the specific location of the business; inspection might take up to 7 days depending on the workload of the CPDO.**Procedure 13. Obtain the business permit to operate at the BBPLD****Time:** 6 days**Cost:** PHP 3,514 (PHP 1,000 fixed tax + PHP 364 initial payment + PHP 2,000 garbage fee + PHP 150 business plate)**Comments:** The company proceeds to the CTO to submit application form and requirements; get assessment of business permit fees and taxes; obtain the tax order of payment (TOP); and pay.**Procedure 14*. Obtain the fire safety clearance from the Bureau of Fire Protection (BFP)****Time:** 2 days**Cost:** PHP 451 (10% of regulatory fees paid during the processing of the business permit)**Comments:** The company representative visits the BFP to ask for inspection and obtain a clearance confirming that the business follows the fire safety regulations of the Philippines.**Procedure 15*. Receive inspection for the fire safety clearance from the BFP****Time:** 1 day**Cost:** No cost**Procedure 16. Buy special books of accounts at bookstore****Time:** 1 day**Cost:** PHP 400**Comments:** Special books of accounts are required for registering for VAT. 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.**Procedure 17. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)****Time:** 2 days**Cost:** PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)**Comments:** After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for

documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 18. Pay the documentary stamp taxes (DST)**Time:** 1 day**Cost:** PHP 3,643**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.**Procedure 19. Obtain the authority to print receipts and invoices from the BIR****Time:** 1 day**Cost:** No cost (fees included in procedure 17)**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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 20. Print receipts and invoices at the print shops**Time:** 7 days**Cost:** PHP 1,750 (between PHP 1,000–PHP 3,000)**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 21. Have receipts, invoices and books of accounts stamped by the BIR****Time:** 1 day**Cost:** No cost**Comments:** After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the principal place of business.**Procedure 22. 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;
- Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 23. Register with the Philippines 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);

- c. SEC registration;
- d. BIR registration;
- 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 is simultaneous with a previous procedure

STARTING A BUSINESS

Lapu-Lapu

Standard company legal form: Corporation

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)

Time: 1 day

Cost: No cost

Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)

Time: 4 days

Cost: PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

- a. Company name verification slip;
- b. Articles of incorporation and bylaws;
- c. Treasurer's affidavit;
- 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 sheet with particulars on directors, officers, stockholders, and so forth;
- h. Written undertaking to comply with SEC reporting requirements.

To obtain the TIN, the company has to file:

- a. Barangay clearance;
- b. Mayor's permit;
- c. Copy of the SEC issued registration certificate.

The SEC 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 4. 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 taxes, fees and charges. 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.

Barangays in Lapu-Lapu issue certificates.

Procedure 5. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: No cost

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

Procedure 6. Obtain the business permit application form from the CTO

Time: 1 day

Cost: No cost

Comments: To obtain the business permit, the company must file the following required documents at the one-stop shop area of the CTO:

- a. SEC registration;
- b. Barangay clearance;
- c. Filled-up application forms/or sworn statement;
- d. Contract of lease;
- e. Sketch map (with 2 photocopies).

Procedure 7. Obtain business permit to operate from the CTO

Time: 6 days

Cost: PHP 2,160 (PHP 364 business tax + PHP 1,000 mayor's permit fee + PHP 60 sanitary inspection fee + PHP 500 garbage fee + PHP 66 fire inspection fee + PHP 50 plate/sticker + PHP 10 tax clearance + PHP 10 police clearance + PHP 100 location clearance fee).

Comments: The applicant submits the application form and requirements at the CTO and obtains an assessment of the business permit fees and taxes, including an assessment of real property tax (RPT). Assessment of the RPT is required even if the entrepreneur is only renting the property. 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 for the release of the business permit.

Procedure 8*. Obtain the real property tax (RPT) clearance at the Real Property Tax License and Fees Divisions at the CTO

Time: 1 day

Cost: No cost

Procedure 9. Buy special books of accounts at bookstore

Time: 1 day

Cost: PHP 400

Comments: Special books of accounts are required for registering for VAT. 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.

Procedure 10. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 11. Pay the documentary stamp taxes (DST)

Time: 1 day

Cost: PHP 3,643

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.

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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- 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 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 ½ x 5 ½ cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 14. Have receipts, invoices and books of accounts stamped by the BIR

Time: 1 day

Cost: No cost

Comments: After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the principal place of business.

Procedure 15. 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;
- Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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 is simultaneous with a previous procedure

STARTING A BUSINESS

Las Piñas

Standard company legal form: Corporation

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)

Time: 1 day

Cost: No cost

Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)

Time: 3 days

Cost: PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

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

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit;
- Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

Procedure 5. 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 taxes, fees and charges. 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.

In Las Piñas, some Barangays charge PHP 600, including the clearance plate, while others charge PHP 750. The plate costs PHP 150.

Procedure 6. Obtain the business permit application form at the Business Permit and Licensing Office (BPLO)

Time: 1 day

Cost: No cost

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

- SEC registration;
- Barangay clearance;
- Contract of lease.

Procedure 7. Proceed to the Engineering Department for the assessment of the engineering fees

Time: 1 day

Cost: PHP 360 (PHP 150 electrical inspection fee + PHP 150 building inspection fee + PHP 60 plumbing inspection fee)

Procedure 8. Obtain the locational clearance from the City Planning and Development Office (CPDO)

Time: 1 day

Cost: PHP 300

Comments: The company gets a signature from the CPDO for the locational clearance.

Procedure 9. 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 1,894 (PHP 1,320 retailer or PHP 2,468 manufacturing)

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

Procedure 10. Obtain the business permit to operate at the BPLO

Time: 5 days

Cost: PHP 17,288 (PHP 18 municipal license + PHP 3,000 retail or PHP 7,500 manufacturing for mayor's fee + PHP 8,000 retail or PHP 15,000 manufacturing for garbage fee + PHP 20 miscellaneous + PHP 500 fiscal fee)

Comments: The company receives an account number at the Encoding Data Processing (EDP) Unit of the 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.

Procedure 11*. Present the official receipt at the Sanitation Department to obtain the sanitary permit

Time: 1 day

Cost: PHP 1,000

Procedure 12. Buy special books of accounts at bookstore

Time: 1 day

Cost: PHP 300

Comments: Special books of accounts are required for registering for VAT. 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 300.

Procedure 13. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 14. Pay the documentary stamp taxes (DST)

Time: 1 day

Cost: PHP 3,643

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.

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

Time: 1 day

Cost: No cost (fees included in procedure 13)

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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- 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 receipts, invoices and books of accounts stamped by the BIR

Time: 1 day

Cost: No cost

Comments: After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the principal place of business.

Procedure 18. 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;
- Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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 is simultaneous with a previous procedure

STARTING A BUSINESS

Makati

Standard company legal form: Corporation

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)

Time: 1 day

Cost: No cost

Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)

Time: 3 days

Cost: PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

- a. Company name verification slip;
- b. Articles of incorporation and bylaws;
- c. Treasurer's affidavit;
- 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 sheet with particulars on directors, officers, stockholders, and so forth;
- h. Written undertaking to comply with SEC reporting requirements.

To obtain the TIN, the company has to file:

- a. Barangay clearance;
- b. Mayor's permit;
- c. Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP

5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

Procedure 5. Obtain Barangay clearance

Time: 1 day

Cost: PHP 650 (PHP 400 + PHP 250 clearance plate fee)

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 taxes, fees and charges. The fee charged by Barangays in Makati depends on the paid-up capital of the corporation plus PHP 250 for the Barangay clearance plate. As expressed in Section 152 (c) of the Local Government Code of 1991, the application for the Barangay clearance shall be acted upon within seven (7) working days from the filing thereof. In the event that the clearance is not issued within the said period, the city or municipality may issue the Barangay clearance.

Procedure 6. Notarize the business permit and locational clearance application forms at the notary

Time: 1 day

Cost: PHP 100

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 7. Obtain the locational clearance at 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 12.5 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);
- f. Business permit application form.

Procedure 8*. Receive inspection for the locational clearance from the UDD-ZAD

Time: 1 day

Cost: No cost

Procedure 9. Obtain the business permit to operate at the Business Permits Office (BPO)

Time: 4 days

Cost: PHP 12,129 (PHP 729 business tax + PHP 6,000 mayor's permit fee + PHP 5,400 garbage fee)

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

- a. SEC registration;
- b. Locational clearance;
- c. Copy of the contract of lease;
- d. Articles of incorporation;
- e. Barangay clearance;
- f. Public liability insurance.

After obtaining the locational clearance, the applicant goes to the BPO to submit application form and requirements; get assessment of business permit fees and taxes; and obtain the approval of the City Administrator. The business permit fees and taxes are paid at the Business Tax Division.

Procedure 10*. Present the official receipt at the Makati Health Department (MHD) for the issuance of the sanitary permit

Time: 1 day

Cost: PHP 600

Procedure 11. Buy special books of accounts at bookstore**Time:** 1 day**Cost:** PHP 250 (between PHP 130–PHP 400)

Comments: Special books of accounts are required for registering for VAT. 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 250.

Procedure 12. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)**Time:** 2 days**Cost:** PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 13. Pay the documentary stamp taxes (DST)**Time:** 1 day**Cost:** PHP 3,643

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.

Procedure 14. 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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- 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 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 16. Have receipts, invoices and books of accounts stamped by the BIR**Time:** 1 day**Cost:** No cost

Comments: After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the principal place of business.

Procedure 17. 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;
- Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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 is simultaneous with a previous procedure

STARTING A BUSINESS

Malabon

Standard company legal form: Corporation

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)**Time:** 1 day**Cost:** No cost**Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)****Time:** 3 days

Cost: PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

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

To obtain the TIN, the company has to file:

- Barangay clearance;

- b. Mayor's permit;
- c. Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

Procedure 5. 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 taxes, fees and charges. 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.

Barangays in Malabon issue certificates.

Procedure 6. Obtain the business permit application form at the Business Permit and Licensing Office (BPLO)

Time: 1 day

Cost: No cost

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

- a. Two passport size pictures of the senior managing partner/president or general manager;
- b. Picture of the frontal view of the business establishment;
- c. Community tax certificate for corporation;
- d. Barangay clearance;
- e. SEC registration or articles of incorporation;
- f. Locational clearance/ official receipt of the filing and processing fees;
- g. Location sketch/ vicinity map;
- h. Contract of lease duly notarized/ letter of consent by the owner of the property.

Procedure 7. Obtain the locational clearance from the City Planning and Development Office (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/ zoning clearance:

- a. Notarized application form;
- b. Copy of land title and contract of lease;
- c. Community tax certificate;
- d. Barangay clearance.

Procedure 8*. Receive inspection for the locational clearance from the CPDO

Time: 1 day

Cost: No cost

Procedure 9. Notarize the business permit application form and the locational clearance application form at the notary

Time: 1 day

Cost: PHP 100

Procedure 10. Obtain the business permit to operate at the BPLO

Time: 4 days

Cost: PHP 7,655 (PHP 3,000 business tax + PHP 100 mayor's permit fee + PHP 200 business plate + garbage fee PHP 1,500 + 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 405 fire fee (10% of all the fees from mayor's permit to sign/billboard inspection fee))

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 CTO. 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.

Procedure 11*. 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 only be released after the inspection takes place.

Procedure 12. Buy special books of accounts at bookstore

Time: 1 day

Cost: PHP 400

Comments: Special books of accounts are required for registering for VAT. 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.

Procedure 13. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 14. Pay the documentary stamp taxes (DST)

Time: 1 day

Cost: PHP 3,643

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.

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

Time: 1 day

Cost: No cost (fees included in procedure 13)

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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- e. TRU form or photocopy of TIN card;
- f. 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 receipts, invoices and books of accounts stamped by the BIR

Time: 1 day

Cost: No cost

Comments: After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the 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;
- Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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 is simultaneous with a previous procedure

STARTING A BUSINESS

Mandaluyong

Standard company legal form: Corporation

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)

Time: 1 day

Cost: No cost

Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)

Time: 3 days

Cost: PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

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

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit;
- Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

Procedure 5. 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 taxes, fees and charges. 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. Obtain the business permit application form at the Business Permit and Licensing Office (BPLO)

Time: 1 day

Cost: No cost

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

- Completed application form;
- Barangay clearance;
- Locational clearance;
- SEC registration;
- Articles of incorporation;
- Contract of lease;
- Pictures of establishment (front – showing left and right neighbors, and inside) on photo paper;
- Community tax (cedula – current year).

Procedure 7. Notarize the business permit application form at the notary**Time:** 1 day**Cost:** PHP 50**Procedure 8. 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 certificate fee)**Procedure 9*. Receive inspection for the locational clearance from the CPDO****Time:** 1 day**Cost:** No cost (fees included in procedure 8)**Comments:** The number of days to complete depends on the time the entrepreneur filed for a new business. During the peak season, which is during the first quarter of the year, the inspection will be scheduled on a much later date. But if the entrepreneur has registered a new business after the peak season, then they may conduct the actual inspection on an earlier date before the release of the business permit.**Procedure 10. Obtain the business permit to operate at the BPLO****Time:** 3 days**Cost:** PHP 4,207 (PHP 364 business tax + PHP 1,000 mayor's permit fee + PHP 1,250 garbage charges + PHP 400 sanitary fee + PHP 120 building inspection fee + PHP 200 electrical inspection fee + PHP 62 plumbing inspection fee + PHP 111 sign/billboard inspection fee + PHP 439 fire fee + PHP 60 sticker fee + PHP 200 plate fee)**Comments:** 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 (TOP). The business permit fees and taxes are paid at the CTO. Inspection from the BPLO takes place after issuance of the business permit.**Procedure 11. Buy special books of accounts at bookstore****Time:** 1 day**Cost:** PHP 300 (between PHP 200–PHP 400)**Comments:** Special books of accounts are required for registering for VAT. 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 300.**Procedure 12. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)****Time:** 1 day**Cost:** PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)**Comments:** After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.**Procedure 13. Pay the documentary stamp taxes (DST)****Time:** 1 day**Cost:** PHP 3,643**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.**Procedure 14. 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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- 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 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 16. Have receipts, invoices and books of accounts stamped by the BIR****Time:** 1 day**Cost:** No cost**Comments:** After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the principal place of business.**Procedure 17. 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;
- Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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 is simultaneous with a previous procedure

STARTING A BUSINESS**Mandaue***Standard company legal form: Corporation**Minimum capital requirement: USD 97 = PHP 5,000**Date as of: December 2007***Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)

Time: 1 day

Cost: No cost

Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)

Time: 5 days

Cost: PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

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

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit;
- Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

Procedure 5. 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 taxes, fees and charges. 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.

Barangays in Mandaue issue certificates.

Procedure 6. Notarize the business permit and tax clearance application forms at the City Legal Office (CLO)

Time: 1 day

Cost: No cost

Comments: Business permit and tax clearance application forms may be downloaded at the Mandaue City website at www.mandauecity.gov.ph. To obtain the

business permit, the company must file the following required documents at the Business Permit and Licensing Office (BPLO):

- Application form for business permit;
- Barangay clearance;
- Locational clearance;
- SEC registration ;
- Company profile (pre-formatted).

The notarized form and requirements are submitted to the BPLO.

Procedure 7. Acquire the realty tax clearance from the Realty Tax Division of the 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 shall only sign the application form of the entrepreneur. The company should get the photocopy of the tax declaration of the building from the owner.

Procedure 8. Obtain the locational clearance at 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 9. Obtain the business permit to operate at the City Administrator's Office (CAO)

Time: 4 days

Cost: PHP 4,416 (PHP 1,403 mayor's permit fee + PHP 245 public safety fee + PHP 440 sanitary inspection fee + PHP 401 business tax + PHP 140 fire certificate + PHP 1,238 garbage fee + PHP 550 business plate)

Comments: The applicant obtains the assessment of the business permit fees and taxes and pays at the CTO. The company is given forty 45 days upon receipt of the business permit to submit copies of the sanitary permit and fire certificate to the CAO.

Procedure 10. Buy special books of accounts at bookstore

Time: 1 day

Cost: PHP 400

Comments: Special books of accounts are required for registering for VAT. 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.

Procedure 11. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 12. Pay the documentary stamp taxes (DST)

Time: 1 day

Cost: PHP 3,643

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.

Procedure 13. 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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- 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 ½ x 5 ½ cm) in duplicate, black print, carbonless for 10 booklets.

Procedure 15. Have receipts, invoices and books of accounts stamped by the BIR

Time: 1 day

Cost: No cost

Comments: After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the 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;
- Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)

Time: 1 day

Cost: No cost

Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)

Time: 3 days

Cost: PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

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

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit;
- Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

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 taxes, fees and charges. 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. Obtain the business permit to operate at the Business Promotion and Development Office (BPDO)

Time: 11 days

Cost: PHP 11,372 (PHP 900 sanitary permit fee + 0.2% of capital for license fee + PHP 2,000 permit fee for businesses engaged in retail + PHP 2,500 garbage collection fee + PHP 360 occupational tax + PHP 905 occupational police clearance/health clearance + PHP 1,500 plumbing inspection fee + PHP 850 electrical inspection fee + PHP 500 building permit fee + PHP 400 sign board permit fee)

Procedure 7. Receive inspection from the BPDO

Time: 1 day

Cost: No cost

Procedure 8. Buy special books of accounts at bookstore

Time: 1 day

Cost: PHP 400

Comments: Special books of accounts are required for registering for VAT. 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.

Procedure 9. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 10. Pay the documentary stamp taxes (DST)

Time: 1 day

Cost: PHP 3,643

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.

Procedure 11. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost (fees included in procedure 9)

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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- 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 (between PHP 3,000–PHP 5,000)

Procedure 13. Have receipts, invoices and books of accounts stamped by the BIR

Time: 1 day

Cost: No cost

Comments: After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the principal place of business.

Procedure 14. 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;
- Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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

Marikina

Standard company legal form: Corporation

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)

Time: 1 day

Cost: No cost

Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)

Time: 3 days

Cost: PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

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

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit;
- Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

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 taxes, fees and charges. 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.

Barangays in Marikina issue certificates.

Procedure 6. Obtain the business permit to operate at the Business Permit and Licensing Office (BPLO)

Time: 2 days

Cost: PHP 8,167 (PHP 1,822 business tax + PHP 360 mayor's permit fee + PHP 15 signboard fee + PHP 5,460 garbage charges for trading or PHP 6,480 for manufacturing)

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 file the following documents for approval at the BPLO:

- Barangay clearance;
- Photos of establishment (showing signboard and sidewalk);
- 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 CTO. The business permit and business plates will be delivered to the place of business. Marikina City inspection clearances (engineering inspection, occupational permit, police clearance, sanitary inspection and fire inspection) are conducted after issuance of the business permit, anytime of the year but before the renewal of the business permit.

Procedure 7*. Receive inspection from the BPLO

Time: 1 day

Cost: No cost

Procedure 8. Buy special books of accounts at bookstore

Time: 1 day

Cost: PHP 400

Comments: Special books of accounts are required for registering for VAT. 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.

Procedure 9. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 10. Pay the documentary stamp taxes (DST)

Time: 1 day

Cost: PHP 3,643

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.

Procedure 11. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost (fees included in procedure 9)

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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- 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 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 13. Have receipts, invoices and books of accounts stamped by the BIR

Time: 1 day

Cost: No cost

Comments: After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the principal place of business.

Procedure 14. 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;

- d. Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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 is simultaneous with a previous procedure

STARTING A BUSINESS

Muntinlupa

Standard company legal form: Corporation

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)

Time: 1 day

Cost: No cost

Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)

Time: 3 days

Cost: PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

- a. Company name verification slip;
- b. Articles of incorporation and bylaws;
- c. Treasurer's affidavit;
- 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 sheet with particulars on directors, officers, stockholders, and so forth;
- h. Written undertaking to comply with SEC reporting requirements.

To obtain the TIN, the company has to file:

- a. Barangay clearance;
- b. Mayor's permit;
- c. Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

Procedure 5. Obtain Barangay clearance

Time: 1 day

Cost: PHP 600 (between PHP 200–PHP 5,000)

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 taxes, fees and charges. 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. Proceed to the Muntinlupa Business Center (MBC) to submit application form and requirements; and obtain endorsement from the Business Permit 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 bylaws;
- c. Contract of lease;
- d. Certificate of occupancy;
- e. Fire clearance.

Procedure 7. Present the endorsement from the BPLO at the Bureau of Fire Protection (BFP) to obtain the fire clearance

Time: 3 days

Cost: PHP 429 (PHP 449 retail or PHP 409 manufacturing for fire fee)

Comments: The company presents the endorsement from the BPLO for the processing of the fire clearance certificate to the BFP and the employees there arrange for the date and time of inspection.

Procedure 8*. Receive inspection for the fire clearance from the BFP

Time: 1 day

Cost: No cost

Procedure 9. Obtain the certificate of occupancy in the name of the tenant from the Office of the Building Official (OBO)

Time: 7 days

Cost: PHP 2,100 (for occupancy permit)

Procedure 10. Obtain the business permit to operate at the MBC

Time: 3 days

Cost: PHP 4,287 (PHP 182 business tax + PHP 1,725 mayor's permit fee + PHP 600 sanitary fee + PHP 850 zoning clearance + PHP 100 signboard fee + PHP 30 miscellaneous + PHP 1,000 retail or PHP 600 manufacturing for garbage fee)

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 and obtains the official receipt at the MBC-Treasury Window.

Procedure 11. Buy special books of accounts at bookstore

Time: 1 day

Cost: PHP 400

Comments: Special books of accounts are required for registering for VAT. 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.

Procedure 12. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 13. Pay the documentary stamp taxes (DST)

Time: 1 day

Cost: PHP 3,643

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.

Procedure 14. 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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- 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 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 16. Have receipts, invoices and books of accounts stamped by the BIR

Time: 1 day

Cost: No cost

Comments: After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the principal place of business.

Procedure 17. 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;
- Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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 is simultaneous with a previous procedure

STARTING A BUSINESS

Navotas

Standard company legal form: Corporation

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)

Time: 1 day

Cost: No cost

Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)

Time: 3 days

Cost: PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new incorporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

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

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit;
- Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

Procedure 5. 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 taxes, fees and charges. 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.

Barangays in Navotas issue certificates.

Procedure 6. Obtain the business permit application form at the Business Permit and Licensing Office (BPLO)

Time: 1 day

Cost: No cost

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

- SEC registration;
- Articles of incorporation and bylaws
- Community tax certificate;
- Barangay clearance;
- Locational clearance;
- Contract of lease, duly notarized and proof of ownership of lessor;
- Picture and sketch of business establishment.

Procedure 7. Receive inspection from the BPLO

Time: 1 day

Cost: No cost

Procedure 8. Notarize the business permit application form at the notary

Time: 1 day

Cost: PHP 50

Comments: The notarization can be made at the Legal Office of the Navotas City Hall or any other notarial firms near the City Hall premises.

Procedure 9. Obtain the locational clearance from the City Planning and Development Office (CPDO)

Time: 1 day

Cost: PHP 850 (PHP 50 processing fee + PHP 800 equivalent to PHP 4 per square meter assuming an area of 200 square meters)

Comments: The company gets the signature from the CPDO.

Procedure 10. Get assessment of the inspection fees at 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 11. Proceed to the City Health Office (CHO) for the sanitary permit

Time: 1 day

Cost: No cost

Comments: The company shall present the official receipt at the CHO to get the sanitary permit. There is no need for inspection.

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

Time: 4 days

Cost: PHP 2,812 (PHP 182 business tax + PHP 500 mayor's permit fee + PHP 1,125 garbage fee + PHP 10 mayor's certificate + PHP 110 sign/board fee + PHP 350 business plate + PHP 35 sticker + PHP 500 sanitary permit)

Comments: The company must go back to the BPLO to submit the application form and requirements and get an assessment of the business permit fees and taxes. The business permit fees and taxes are paid at the CTO.

Procedure 13. Buy special books of accounts at bookstore

Time: 1 day

Cost: PHP 400

Comments: Special books of accounts are required for registering for VAT. 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.

Procedure 14. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 15. Pay the documentary stamp taxes (DST)

Time: 1 day

Cost: PHP 3,643

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.

Procedure 16. Obtain the authority to print receipts and invoices from 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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- 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 receipts, invoices and books of accounts stamped by the BIR****Time:** 1 day**Cost:** No cost**Comments:** After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the 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;
- Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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**Parañaque***Standard company legal form: Corporation**Minimum capital requirement: USD 97 = PHP 5,000**Date as of: December 2007***Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)****Time:** 1 day**Cost:** No cost**Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)****Time:** 3 days**Cost:** PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new incorporations; fee includes registration of the STB)**Comments:** The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

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

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit;
- Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)**Time:** 1 day**Cost:** PHP 500**Comments:** The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.**Procedure 5. 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 taxes, fees and charges. 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.

Barangays in Parañaque issue plates.

Procedure 6. Obtain the locational clearance from the City Planning and Development Office (CPDO)**Time:** 2 days**Cost:** PHP 350 (between PHP 200–PHP 500)**Procedure 7. Notarize the business permit application form at the City Legal Office (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 8. Obtain the business permit to operate at the Business Permit and Licensing Office (BPLO)****Time:** 4 days

Cost: PHP 5,412 (PHP 364 business tax + PHP 600 mayor's permit fee + PHP 3,000 garbage fee + PHP 500 sanitary fee + PHP 50 building fee + PHP 27 electrical fee + PHP 60 signboard fee + PHP 29 plumbing fee + PHP 50 miscellaneous + PHP 732 fire inspection fee)

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 occupancy permit;
- Picture of establishment.

Subsequently the statement of account for the assessed business permit fees and taxes will be received from the Electronic Data Processing (EDP) office. The business permit fees and taxes are paid at the CTO.

Procedure 9*. Present the official receipt at the City Health Office (CHO) to obtain the sanitation permit

Time: 1 day

Cost: PHP 500

Comments: Inspection is not required. The company is only required to get the sanitation permit after the payment of the fees and before release of business permit.

Procedure 10. Buy special books of accounts at bookstore

Time: 1 day

Cost: PHP 400

Comments: Special books of accounts are required for registering for VAT. 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.

Procedure 11. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 12. Pay the documentary stamp taxes (DST)

Time: 1 day

Cost: PHP 3,643

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.

Procedure 13. 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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- 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 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 15. Have receipts, invoices and books of accounts stamped by the BIR

Time: 1 day

Cost: No cost

Comments: After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the 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;
- Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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 is simultaneous with a previous procedure

STARTING A BUSINESS

Pasay

Standard company legal form: Corporation

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)

Time: 1 day

Cost: No cost

Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)

Time: 3 days

Cost: PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

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

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit;
- Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

Procedure 5. 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 taxes, fees and charges. 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.

Barangays in Pasay issue certificates.

Procedure 6. Obtain the business permit to operate at the Business Permit and Licensing Office (BPLO)

Time: 9 days

Cost: PHP 11,584 (PHP 364 business tax + PHP 5,500 mayor's permit fee + PHP 400 office/display + PHP 300 signboard + PHP 500 sanitary fee + PHP 3,500 garbage 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:

- SEC registration;
- Barangay clearance;
- Contract of lease.

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.

Procedure 7*. Proceed to the City Planning and Development Office (CPDO) for the locational clearance

Time: 2 days

Cost: PHP 400

Comments: The company must secure an assessment of fees for the locational clearance before going to the CTO for the assessment of business permit fees and taxes. After the payment of fees but before the issuance of the business permit, the officer at CPDO shall counter-sign under the locational clearance portion of the business permit application form.

Procedure 8*. Proceed to the Engineering Office for the electrical and mechanical permit

Time: 2 days

Cost: PHP 556 (annual inspection fees: PHP 120 building + PHP 296 sanitary/plumbing + PHP 60 electrical + PHP 80 mechanical)

Comments: The company must secure an assessment of the fees for building, electrical, plumbing, mechanical, and other requirements before going to the CTO for the assessment of business permit fees and taxes. After the payment of fees but before the issuance of the business permit, the engineer at the Engineering Office shall counter-sign under the electrical and mechanical permit portion of the business permit application form.

Procedure 9*. Proceed to the Bureau of Fire Protection (BFP) for counter-signing of the business permit application

Time: 2 days

Cost: PHP 1,219

Comments: The company gets an assessment of fee for fire clearance and the receives an order of payment for the fire certificate from the BFP before going to the 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 marshal shall counter-sign under the BFP portion of the business permit application form.

Procedure 10. Buy special books of accounts at bookstore

Time: 1 day

Cost: PHP 400

Comments: Special books of accounts are required for registering for VAT. 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.

Procedure 11. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 12. Pay the documentary stamp taxes (DST)

Time: 1 day

Cost: PHP 3,643

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.

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

Time: 1 day

Cost: No cost (fees include 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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- 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 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 15. Have receipts, invoices and books of accounts stamped by the BIR

Time: 1 day

Cost: No cost

Comments: After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the 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;
- Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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 is simultaneous with a previous procedure

STARTING A BUSINESS

Pasig

Standard company legal form: Corporation

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)

Time: 1 day

Cost: No cost

Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)

Time: 3 days

Cost: PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

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

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit;
- Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

Procedure 5. Obtain Barangay clearance

Time: 1 day

Cost: PHP 500 (between PHP 0–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 taxes, fees and charges. 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. Obtain the business permit application form at the Business Permit and Licensing Office (BPLO)

Time: 1 day

Cost: No cost

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

- SEC registration;
- Application form;
- Barangay clearance;
- Community tax certificate;
- Contract of lease;
- Sketch of location of establishment;
- Fire safety certificate.

Procedure 7. Notarize the business permit application form at the notary

Time: 1 day

Cost: PHP 50

Procedure 8. Proceed to the Office of the Building Official (OBO) to get the assessment of the building and plumbing inspection fees

Time: 1 day

Cost: PHP 680 (PHP 480 building inspection fee + PHP 200 plumbing inspection fee)

Procedure 9. Proceed to the Electrical and Mechanical Office (EMO) to get the assessment of the electrical and mechanical inspection fees

Time: 1 day

Cost: PHP 3,840 (PHP 1,400 electrical inspection fee + PHP 2,440 mechanical inspection fee)

Procedure 10. Obtain the business permit to operate at the BPLO

Time: 7 days

Cost: PHP 2,622 (PHP 1,822 business tax + PHP 600 mayor's permit + PHP 200 business plates registration fee)

Comments: The company gets the assessment of the business permit fees and taxes and obtains the printed tax order of payment (TOP) from the Electronic Data Processing unit of the BPLO. Then the company proceeds to the CTO to secure final approval of the TOP and pay business permit fees and taxes at the cashier.

Procedure 11*. Proceed to the Health Department to present the official receipt and obtain the sanitary permit

Time: 1 day

Cost: PHP 600

Comments: After the payment of fees but before the issuance of 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.

Procedure 12*. Proceed to the City Environment and Natural Resource Office (City ENRO) for the environmental permit

Time: 1 day

Cost: PHP 800

Comments: After the payment of fees but before the issuance of 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 13*. Proceed to the Bureau of Fire Protection (BFP) for the fire safety certificate

Time: 1 day

Cost: PHP 45

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 fire safety certificate. The permanent permit is issued after inspection of the business establishment and within 15 days upon issuance of the business permit.

Procedure 14*. Receive inspection from the BPLO

Time: 1 day

Cost: No cost

Procedure 15. Buy special books of accounts at bookstore

Time: 1 day

Cost: PHP 400

Comments: Special books of accounts are required for registering for VAT. 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.

Procedure 16. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 17. Pay the documentary stamp taxes (DST)

Time: 1 day

Cost: PHP 3,643

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.

Procedure 18. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost (fees included in procedure 16)

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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- 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 (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 20. Have receipts, invoices and books of accounts stamped by the BIR

Time: 1 day

Cost: No cost

Comments: After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the 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:

- 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;

- d. Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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 is simultaneous with a previous procedure

STARTING A BUSINESS

Quezon City

Standard company legal form: Corporation

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)

Time: 1 day

Cost: No cost

Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)

Time: 3 days

Cost: PHP 2,452 (PHP 1,452 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

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

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit;
- Copy of the SEC issued registration certificate.

The SEC 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 4. 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 taxes, fees and charges. 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.

Barangays in Quezon City issue certificates (there are 142 Barangays). If the clearance is not acted upon by the Barangay within seven (7) days after filing thereof, it may be issued by the mayor (Quezon City Revenue Code (As Amended, 2006), Chapter 5. Regulatory and Service Fees, Article 21. Mayor's Permit Fees, Section 73).

Procedure 5. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

Procedure 6. Obtain the business permit application form at the Business Permit and Licensing Office (BPLO)

Time: 1 day

Cost: PHP 50

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

- SEC registration;
- Barangay clearance;
- Locational clearance;
- Certificate of electrical inspection;
- Fire safety inspection certification.

Procedure 7. Notarize the business permit application form at the notary

Time: 1 day

Cost: PHP 50

Procedure 8. Obtain the fire clearance from the the Bureau of Fire Protection (BFP)

Time: 1 day

Cost: PHP 200

Procedure 9. Obtain the business permit to operate at the BPLO

Time: 6 days

Cost: PHP 3,906 (PHP 1,831 business tax + PHP 200 mayor's permit + PHP 150 sanitary permit + PHP 50 signboard fee + PHP 250 plate + PHP 100 QCBRB + PHP 545 zoning clearance + PHP 780 garbage fee)

Comments: The company submits application form and requirements at the BPLO for evaluation of the application and encoding of data. Then the company is given a claim stub for the date when the company needs to come back to the BPLO to get the processed documents. Then the company proceeds to the 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 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.

Procedure 10. Buy special books of accounts at bookstore**Time:** 1 day**Cost:** PHP 400

Comments: Special books of accounts are required for registering for VAT. 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.

Procedure 11. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)**Time:** 2 days**Cost:** PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 12. Pay the documentary stamp taxes (DST)**Time:** 1 day**Cost:** PHP 3,643

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.

Procedure 13. 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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- 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 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 15. Have receipts, invoices and books of accounts stamped by the BIR**Time:** 1 day**Cost:** No cost

Comments: After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the principal place of business.

Procedure 16. 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;

- Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)**Time:** 1 day**Cost:** No cost**Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)****Time:** 3 days

Cost: PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

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

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit;
- Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

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 taxes, fees and charges. In San Juan, Barangays issue certificates and the clearance fee is uniform for all Barangays as per city ordinance.

Procedure 6. Obtain the business permit application form at the Business Permit and Licensing Office (BPLO)

Time: 1 day

Cost: No cost

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;
- Sanitary permit;
- Picture of establishment.

Procedure 7. Request preliminary assessment of business permit fees and taxes from the CTO

Time: 1 day

Cost: No cost

Procedure 8. Obtain the locational clearance from the City Planning and Development Office (CPDO)

Time: 4 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;
- Application form from the BPLO.

Procedure 9*. Notarize the locational clearance and business permit application forms at the notary

Time: 1 day

Cost: PHP 100

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

Time: 1 day

Cost: No cost

Procedure 11. Obtain the fire clearance from the Bureau of Fire Protection (BFP)

Time: 3 days

Cost: PHP 179 (10% of the regulatory fees to be paid for the mayor's permit)

Comments: The fire clearance fee is paid at the CTO.

Procedure 12*. Receive inspection for the fire clearance from the BFP

Time: 1 day

Cost: No cost

Procedure 13. Obtain the business permit to operate at the BPLO

Time: 3 days

Cost: PHP 5,428 (PHP 3,643 business license + PHP 600 mayor's permit fee + PHP 720 garbage fee + PHP 240 sanitary permit fee + PHP 175 inspection fees + PHP 50 signboard fee)

Comments: Proceed to the BPLO to submit application form and requirements for encoding. Get final assessment and pay the business permit fees and taxes at the License Division of the CTO.

Procedure 14. Buy special books of accounts at bookstore

Time: 1 day

Cost: PHP 400

Comments: Special books of accounts are required for registering for VAT. 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.

Procedure 15. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 16. Pay the documentary stamp taxes (DST)

Time: 1 day

Cost: PHP 3,643

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.

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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- 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 receipts, invoices and books of accounts stamped by the BIR

Time: 1 day

Cost: No cost

Comments: After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the 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;
- Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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 is simultaneous with a previous procedure

STARTING A BUSINESS

Taguig

Standard company legal form: Corporation

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)

Time: 1 day

Cost: No cost

Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)

Time: 3 days

Cost: PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

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

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit;
- Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

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 taxes, fees and charges. 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.

Barangays in Taguig issue certificates.

Procedure 6. Obtain and notarize the business permit application form at the Business Permit and Licensing Office (BPLO)

Time: 1 day

Cost: PHP 50

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

- SEC registration;
- Application form duly notarized;
- Barangay clearance;
- Corporate community tax (Cedula);
- Contract of lease;
- Insurance (comprehensive general liability);
- Location sketch.

Once the documents are filled, the officer at the Customer Service will forward the forms to the following offices: (1) at the BPLO for the assessment of fees and tax order of payment; and (2) at the Health Department for calculation of sanitary inspection fee. Inspection from the BPLO takes place after issuance of the business permit.

The company may notarize the application form outside of the City Hall or the staff at the City Hall may notarize it if the company pays PHP 50 for the notary service.

Procedure 7. Obtain the business permit to operate at the BPLO

Time: 2 days

Cost: PHP 5,023 (PHP 157 business tax for manufacturer or PHP 25 business tax for retailer + PHP 938 garbage fee + PHP 1,000 mayor's permit for manufacturer or PHP 500 mayor's permit fee for retailer + PHP 500 sanitary fee + PHP 150 sticker/plate fee + PHP 10 medical/health fee + PHP 250 sanitary inspection fee + PHP 400 building inspection fee + PHP 500 mechanical inspection fee + PHP 400 electrical inspection fee + PHP 250 signboard fee + PHP 200 fire permit fee + PHP 585 fire fee)

Comments: Business permit fees and taxes are paid at the CTO. Inspection from the BPLO takes place after issuance of the business permit.

Procedure 8. Buy special books of accounts at bookstore

Time: 1 day

Cost: PHP 400

Comments: Special books of accounts are required for registering for VAT. 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.

Procedure 9. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 10. Pay the documentary stamp taxes (DST)

Time: 1 day

Cost: PHP 3,643

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.

Procedure 11. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost (fees included in procedure 9)

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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- 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 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 13. Have receipts, invoices and books of accounts stamped by the BIR

Time: 1 day

Cost: No cost

Comments: After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the principal place of business.

Procedure 14. 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;
- Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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

Tanauan

Standard company legal form: Corporation

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)

Time: 1 day

Cost: No cost

Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)

Time: 3 days

Cost: PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

- Company name verification slip;
- Articles of incorporation and bylaws;

- c. Treasurer's affidavit;
- 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 sheet with particulars on directors, officers, stockholders, and so forth;
- h. Written undertaking to comply with SEC reporting requirements.

To obtain the TIN, the company has to file:

- a. Barangay clearance;
- b. Mayor's permit;
- c. Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

Procedure 5. 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 taxes, fees and charges. 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.

Barangays in Tanaan issue certificates.

Procedure 6. Obtain the business permit application form at the Business Permit and Licensing Office (BPLO)

Time: 1 day

Cost: No cost

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

- a. SEC registration;
- b. Two ID pictures;
- c. Barangay clearance;
- d. Residence certificate;
- e. Police clearance;
- f. Medical certificate;
- g. Sanitary permit;
- h. Bureau of Fire Protection clearance;
- i. Certificate of inspection;
- j. Photocopy of land tax (to be taken from the owner of the land).

Procedure 7. Receive inspection from the Tax Mapping Section of the BPLO

Time: 1 day

Cost: No cost

Procedure 8. Proceed to the Engineering Department (ED) for the assessment of the signboard fee

Time: 2 days

Cost: PHP 480

Procedure 9*. Receive inspection from the ED

Time: 1 day

Cost: No cost (fees included in procedure 8)

Procedure 10. Obtain the business permit to operate at the BPLO

Time: 9 days

Cost: 1,874 (PHP 729 business tax + PHP 200 mayor's permit + PHP 500 garbage fee + PHP 20 application fee + PHP 20 police fee + PHP 50 calling fee + PHP 20 medical certificate fee + PHP 20 mayor's clearance + PHP 300 business plate + PHP 15 sticker)

Comments: The company must obtain an assessment of the business permit fees and taxes at the BPLO. Business permit fees and taxes are paid at the CTO.

Procedure 11*. Obtain the police clearance and pay fee at the Philippine National Police (PNP)

Time: 1 day

Cost: PHP 400

Procedure 12*. Present the official receipt (OR) at the Health and Sanitation Department for the sanitary permit

Time: 1 day

Cost: PHP 40

Procedure 13*. Present the OR at the Bureau of Fire Protection (BFP) for the fire clearance

Time: 2 days

Cost: PHP 185 (10% of regulatory fees paid during the processing of the business permit)

Comments: The company presents the OR of the assessed fees to the BFP in order to arrange for the inspection. The company obtains the fire clearance after the inspection takes place.

Procedure 14*. Obtain the annual inspection certificate from the ED

Time: 2 days

Cost: No cost

Procedure 15. Buy special books of accounts at bookstore

Time: 1 day

Cost: PHP 400

Comments: Special books of accounts are required for registering for VAT. 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.

Procedure 16. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 17. Pay the documentary stamp taxes (DST)

Time: 1 day

Cost: PHP 3,643

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.

Procedure 18. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost (fees included in procedure 16)

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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- Proof of payment of annual registration fee (BIR Form No. 0605).

Procedure 19. Print receipts and invoices at the print shops

Time: 4 days

Cost: PHP 2,000 (between PHP 1,000–PHP 2,500)

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 20. Have receipts, invoices and books of accounts stamped by the BIR

Time: 1 day

Cost: No cost

Comments: After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the principal place of business.

Procedure 21. 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;
- Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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 is simultaneous with a previous procedure

STARTING A BUSINESS

Valenzuela

Standard company legal form: Corporation

Minimum capital requirement: USD 97 = PHP 5,000

Date as of: December 2007

Procedure 1. Verify the availability of 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 on-line. 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. Obtain bank certificate of deposit of the paid-in capital from the Authorized Agent Bank (AAB)

Time: 1 day

Cost: No cost

Procedure 3. Register the company with the SEC and receive pre-registered taxpayer's identification number (TIN)

Time: 3 days

Cost: PHP 2,452 (PHP 1,457 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 15 legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10 + PHP 510 articles of incorporation and bylaws + PHP 470 stock and transfer book (STB) required for new corporations; fee includes registration of the STB)

Comments: The company can register online through SEC i-Register but must pay onsite at the SEC and obtain a TIN. The following documents are required for SEC registration:

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

To obtain the TIN, the company has to file:

- Barangay clearance;
- Mayor's permit;
- Copy of the SEC issued registration certificate.

The SEC 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 4. Obtain the community tax certificate (CTC) from City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 500

Comments: The company must pay an annual community tax. The basic community tax depends on whether the juridical entity is a company, partnership or association. Additional community tax (which shall not exceed PHP 10,000) depends on the value of real property owned by the company in the Philippines (PHP 2 for every PHP 5,000) and on the gross receipts including dividends/earnings derived from business in the Philippines during the preceding year (PHP 9 for every PHP 5,000). The CTC is issued to the company upon payment of the community tax and is a prerequisite to obtain the Barangay clearance.

Procedure 5. 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 taxes, fees and charges. 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.

Barangays in Valenzuela issue certificates (there are 32 Barangays).

Procedure 6. Obtain business permit application form at the Business Permit and Licensing Office (BPLO)

Time: 1 day

Cost: No cost

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

- SEC registration;
- Business permit in six (6) copies with sketch of the location of the building at the back;
- Barangay clearance;
- Community tax certificate;
- Contract of lease;
- Fire safety clearance;
- Locational clearance.

Procedure 7. Obtain the locational clearance from the City Engineer's Office (CEO)

Time: 2 days

Cost: PHP 450 (PHP 50 filing fee + PHP 400 processing fee equivalent to PHP 2 per square meter for commercial businesses assuming an area of 200 square meters)

Procedure 8*. Receive inspection for the locational clearance from the CEO

Time: 1 day

Cost: No cost

Procedure 9. Obtain the sanitation assessment from the Health Department

Time: 1 day

Cost: PHP 200

Procedure 10. Request the fire safety inspection from the Bureau of Fire Protection (BFP)

Time: 1 day

Cost: No cost

Procedure 11. Obtain the fire safety clearance from the BFP

Time: 1 day

Cost: PHP 209

Procedure 12. Get assessment of the engineering fees from the CEO

Time: 1 day

Cost: PHP 910 (PHP 120 building inspection fee + PHP 500 annual electrical inspection fee + PHP 200 annual mechanical inspection fee + PHP 60 annual plumbing inspection fee + PHP 30 annual signboards inspection fee)

Procedure 13. Obtain the business permit to operate at the BPLO

Time: 4 days

Cost: PHP 2,200 (PHP 600 tax for general merchandise + PHP 600 mayor's permit + PHP 600 garbage fee + PHP 300 peace and order fund + PHP 100 plate/sticker)

Comments: The applicant submits the application form and requirements at the BPLO and gets an assessment of the business permit fees and taxes. The business permit fees and taxes are paid at the CTO.

Procedure 14*. Receive inspection from the BPLO

Time: 1 day

Cost: No cost

Procedure 15. Buy special books of accounts at bookstore

Time: 1 day

Cost: PHP 400

Comments: Special books of accounts are required for registering for VAT. 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.

Procedure 16. Register for value added tax (VAT) at the Bureau of Internal Revenue (BIR)

Time: 2 days

Cost: PHP 530 (PHP 500 registration fee + PHP 15 certification fee + PHP 15 documentary stamp tax)

Comments: After obtaining the TIN, the company must register with the BIR by paying the annual registration fee of PHP 500, at any duly accredited bank, using payment form—BIR Form No. 0605 (plus PHP 15 for the certification and PHP 15 for documentary stamp tax). Upon registration, the BIR will issue to the company the certificate of registration—BIR Form No. 2303.

Procedure 17. Pay the documentary stamp taxes (DST)

Time: 1 day

Cost: PHP 3,643

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.

Procedure 18. Obtain the authority to print receipts and invoices from the BIR

Time: 1 day

Cost: No cost (fees included in procedure 16)

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) or concerned office having jurisdiction over the principal place of business:

- 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 Forms No. 1901 or 1903);
- TRU form or photocopy of TIN card;
- 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 (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 20. Have receipts, invoices and books of accounts stamped by the BIR

Time: 1 day

Cost: No cost

Comments: After the printing of receipts and invoices, a Printer's Certificate of Delivery (PCD) is issued, which the company shall have stamped as "Registered" by the BIR RDO or concerned office having jurisdiction over the principal place of business.

Procedure 21. 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;
- Articles of incorporation, bylaws and SEC registration or the certificate of registration with the Department of Trade and Industry (DTI).

Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend a 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 Philippines 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;
- 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 is simultaneous with a previous procedure

Doing Business

Dealing with licenses

Caloocan

Procedures to build a warehouse

Warehouse Value: USD 380,011 = PHP 19,500,000

Date as of: December 2007

Procedure 1. Obtain certified true copy (CTC) of the land title from the Registry of Deeds (RD)

Time: 2 days

Cost: PHP 30

Comments: The company must obtain a CTC of the land title as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain CTC of the tax declaration of real property from the City Assessor's Office (CAO)

Time: 2 days

Cost: PHP 50

Comments: The company must obtain a CTC of the tax declaration of real property so that it can identify the property by its index number.

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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.

Procedure 4*. Obtain Barangay clearance

Time: 2 days

Cost: PHP 100

Comments: This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.

Procedure 5. Request the locational clearance from the City Planning and Development Office (CPDO)

Time: 1 day

Cost: PHP 4,350 (PHP 3 per square meter + PHP 300 filing fee + PHP 150 inspection fee)

Comments: This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required. The

time to complete the construction may be shorter if the warehouse is to be built in an industrial area versus other areas. In Caloocan, the cost is based on the Caloocan City Zoning Ordinance.

Procedure 6. Receive inspection for the locational clearance from the CPDO

Time: 1 day

Cost: No cost (fees included in procedure 5)

Comments: The CPDO conducts an inspection of the property before issuance of the locational clearance.

Procedure 7. Obtain the locational clearance from the CPDO

Time: 13 days

Cost: No cost

Comments: The company goes to the CPDO to obtain the locational clearance.

Procedure 8. Apply for the building permit at the Office of the Building Official (OBO)

Time: 1 day

Cost: PHP 500 (filing fee)

Comments: The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical specifications of the project approved to ensure they are compliant with the design codes, and safety laws and regulations. Caloocan City is still using the old forms for building permit applications which do not require notarization. The cost of the building permit is based on the National Building Code of the Philippines/ Presidential Decree No. 1096 and the National Building Code Development Office Memorandum Circular No. 01 S-2005.

Procedure 9. Obtain fire safety evaluation and correction sheet on the building plans from the local fire marshal at the Bureau of Fire Protection (BFP)

Time: 7 days

Cost: PHP 19,500 (0.1% of the estimated value of the building)

Comments: This approval is required to confirm that the plans and specifications conform to all the fire safety and control requirements of the Fire Code of the Philippines. The company submits the plans and the recommendation letter from the Building Official to the local fire marshal to obtain approval. As per National Building Code, the fire marshal shall give his/her recommendation within five working days from date of referral. Failure to act within the said period shall mean that the plans and specifications conform to all the requirements of the Fire Code of the Philippines.

Procedure 10. Obtain the building permit from the OBO**Time:** 4 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 releases the order of payment for the company to pay at the City Treasurer's Office. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section for recording and issuance of the permit.**Procedure 11. Receive inspection from the BFP****Time:** 1 day**Cost:** No cost (fees included in procedure 9)**Comments:** During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).**Procedure 12. Receive inspection from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 10)**Comments:** During the construction of the warehouse, the OBO will conduct an inspection of the site at random, to determine whether the construction follows the approved building plans and design.**Procedure 13. Request the fire safety inspection certificate (FSIC) from the BFP****Time:** 1 day**Cost:** PHP 3,901 (10% of building permit fees)**Comments:** After construction of the warehouse, the company requests the BFP for an inspection of the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition.**Procedure 14. Receive 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:** 1 day**Cost:** No cost**Comments:** After inspection, the company obtains the certificate from the BFP.**Procedure 16. Request the certificate of occupancy from the OBO****Time:** 1 day**Cost:** PHP 20,000 (PHP 1,000 per one million of the project value)**Comments:** The company must secure first the occupancy certificate before applying for the certificate of electrical inspection. The time for inspection will be scheduled when the company visits the OBO to apply for the certificate. A building official inspects the site and certifies that the project as built conforms to the design, plans, and the actual cost of the project.**Procedure 17. Receive inspection for the certificate of occupancy from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 16)**Procedure 18. Obtain the certificate of occupancy from the OBO****Time:** 3 days**Cost:** No cost**Comments:** After inspection, the company obtains the certificate from the OBO.**Procedure 19. Request the certificate of electrical inspection (CEI) from the Electrical Division of the OBO****Time:** 1 day**Cost:** No cost**Comments:** The company visits the Electrical Division of the OBO to request the certificate of electrical inspection and schedule for an inspection to certify that the as-built plans correspond to the actual completed construction works.**Procedure 20. Receive inspection for the CEI from the OBO****Time:** 1 day**Cost:** No cost**Procedure 21. Obtain the CEI from the OBO****Time:** 1 day**Cost:** No cost**Comments:** After inspection, the company obtains the certificate from the OBO.**Procedure 22. Request connection for electricity from Meralco****Time:** 1 day**Cost:** No cost**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. The cost of the transformers is PHP 106,850 per transformer (two needed). The service deposit is PHP 138,580. Both the transformer and service deposit are refundable after the first year through annual deductions to the electricity bill or through checks computed at 25% of the applicant's annual gross distribution revenue.**Procedure 23. Receive inspection for electricity from Meralco****Time:** 1 day**Cost:** No cost**Procedure 24. Obtain connection for electricity from Meralco****Time:** 88 days**Cost:** No cost**Procedure 25*. Request connection for water and sewage from Maynilad Water Services, Inc (Maynilad)****Time:** 1 day**Cost:** PHP 6,411 (installation fee paid during application)**Comments:** The water company is Maynilad. The company visits Maynilad to request the connection and inspection time takes two weeks. Maynilad subcontract 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:** No cost**Procedure 28*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** PHP 1,310 (installation fee and unit)**Comments:** There are two telephone companies providing landline services in Caloocan. These are Philippine Long Distance Co. (PLDT) and Globelines. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 24 months for the regular phone line. For Globelines, there is no cost if the applicant provides proof of financial capability. Otherwise, the applicant has to pay PHP 1,310. There is a lock-in period of 12 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*. Secure the tax declaration of improvement from the CAO****Time:** 1 day**Cost:** No cost**Comments:** The company must update the official records to include the newly built warehouse for tax purposes. The OBO furnishes to the CAO a copy of the building plan and certificate of occupancy every month to notify them of the new building construction. This may take less time if the company submits the above documents to the CAO, since it can obtain the new tax declaration within that day.

* This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Cebu

Procedures to build a warehouse

Warehouse Value: USD 380,011 = PHP 19,500,000

Date as of: December 2007

Procedure 1. Obtain certified true copy (CTC) of the land title from the Registry of Deeds (RD)

Time: 3 days

Cost: PHP 30

Comments: The company must obtain a CTC of the land title as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain CTC of the tax declaration of real property from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 30

Comments: The company must obtain a CTC of the tax declaration of real property so that it can identify the property by its index number.

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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.

Procedure 4*. Obtain Barangay clearance

Time: 2 days

Cost: PHP 200 (between PHP 100–PHP 300)

Comments: This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.

Procedure 5. Request the locational clearance from the City Planning and Development Office (CPDO)

Time: 1 day

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 zoning fee + 1% of the zoning fee for legal and research fee)

Comments: This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required. The time to complete the construction may be shorter if the warehouse is to be built in an industrial area versus other areas. The cost is based on the Housing and Land Use Regulatory Board (HLURB) Schedule of Fees 1998.

Procedure 6. Receive inspection for the locational clearance from the CPDO

Time: 1 day

Cost: No cost (fees included in procedure 5)

Comments: The CPDO conducts an inspection of the property before issuance of the locational clearance.

Procedure 7. Obtain the locational clearance from the CPDO

Time: 6 days

Cost: No cost

Comments: The company goes to the CPDO to obtain the locational clearance.

Procedure 8. Apply for the building permit at the Office of the Building Official (OBO)

Time: 1 day

Cost: No cost

Comments: The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical

specifications of the project approved to ensure they are compliant with the design codes, and safety laws and regulations. While in other cities the company would go to the BFP to request for the local Fire Marshall's recommendations with respect to fire safety and control requirements (done while the application for building permit is being processed), in Cebu, the OBO has a Liaison Officer who would go to the BFP on behalf of the company to get the recommendation.

Procedure 9. Get evaluation and approval of the architectural plans from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 15)

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 10. Get evaluation and approval of the civil/ structural plans from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 15)

Procedure 11. Get evaluation and approval of the line and grade plans from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 15)

Procedure 12. Get evaluation and approval of the sanitary and plumbing plans from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 15)

Procedure 13. Get evaluation and approval of the electrical plans

Time: 1 day

Cost: No cost (fees included in procedure 15)

Procedure 14. Obtain the parking compliance from the City Mayor's Office (CMO)

Time: 1 day

Cost: No cost

Procedure 15. Obtain the building permit from the OBO

Time: 30 days

Cost: PHP 44,211 (as of December 2007, the city used the older formula in the National Building Code of the Philippines for the cost of the building permit. This was PHP 12 per square meter. The computation here is based on PHP 19 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees plus PHP 19,500 for the cost of the fire safety approval.)

Comments: After the building permit application is approved, the Building Official releases the order of payment for the company to pay at the City Treasurer's Office. After the official receipt is presented to the Receiving/Releasing Section for recording, the Head of the Processing Division will endorse the application to the Mayor's Office for approval of the parking plans. After getting parking compliance, the Head of the Processing Division will endorse the application to the Building Official for approval of the building permit.

Procedure 16. Receive inspection from the Bureau of Fire Protection (BFP)

Time: 1 day

Cost: No cost (fees included in procedure 15)

Comments: During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).

Procedure 17. Receive inspection from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 15)

Comments: During the construction of the warehouse, the OBO will conduct an inspection of the site at random, to determine whether the construction follows the approved building plans and design.

Procedure 18. Request the fire safety inspection certificate (FSIC) from the BFP

Time: 1 day

Cost: PHP 2,471 (10% of building permit fees)

Comments: After construction of the warehouse, the company requests the BFP for an inspection of the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition.

Procedure 19. Receive 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: 3 days

Cost: No cost

Comments: After inspection, the company goes to the BFP to obtain the certificate and submit it to the OBO in order to process the occupancy certificate.

Procedure 21. Request the certificate of occupancy and certificate of electrical inspection (CEI) from the OBO

Time: 1 day

Cost: PHP 3,000

Comments: The application for the certificate of occupancy includes a form for the certificate of electrical inspection. The certificates are prerequisites for the electricity connection and are released after a team of inspectors (architectural, structural, electrical, mechanical, and sanitary) inspects the site and certifies that the warehouse as built conforms to the design, plans, and cost of the project.

Procedure 22. Receive inspection for the certificate of occupancy and CEI from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 21)

Procedure 23. Obtain the certificate of occupancy and CEI from the OBO

Time: 3 days

Cost: No cost

Procedure 24. Request connection for electricity from Visayan Electric Co. (VECO)

Time: 1 day

Cost: PHP 269,385 (cost of three 50kVA transformers)

Comments: The electric company is VECO. The company visits VECO to request the connection and submit the certificate of electrical inspection and electrical plans. VECO conducts an inspection of the warehouse and in the following weeks the technical staff visit the site for the electric connection. The cost of the transformers is PHP 89,795 per transformer (three needed) and is refunded upon termination of contract. The lines and labor costs amounting to PHP 30,000 are refunded a year after the start of contract through a deduction to monthly bills computed at 25% of the applicant's annual gross distribution revenue.

Procedure 25. Receive inspection for electricity from VECO

Time: 1 day

Cost: No cost

Comments: The electrical engineer of VECO will conduct an inspection and review the electrical plan of the warehouse.

Procedure 26. Obtain connection for electricity from VECO

Time: 19 days

Cost: No cost

Procedure 27*. Request connection for water from Metro Cebu Water District (MCWD)

Time: 1 day

Cost: PHP 4,700 (installation fee paid during application)

Comments: The local service provider is the MCWD. Cebu has no sewage system.

Procedure 28*. Receive inspection for water connection from MCWD

Time: 1 day

Cost: No cost

Procedure 29*. Obtain water connection from MCWD

Time: 15 days

Cost: No cost

Procedure 30*. Obtain telephone connection from the telephone company

Time: 5 days

Cost: PHP 1,310 (installation fee and unit)

Comments: There are two telephone companies providing landline services in Cebu. These are Philippine Long Distance Co. (PLDT) and Globelines. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. For Globelines, there is no cost if the applicant provides proof of financial capability. Otherwise, the applicant has to pay PHP 1,310. There is a lock-in period of 12 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*. Secure the tax declaration of improvement at the CAO

Time: 3 days

Cost: No cost

Comments: The company must update the official records to include the newly built warehouse for tax purposes. The OBO furnishes to the CAO a copy of the building plan and certificate of occupancy every month to notify them of the new building construction. This may take less time if the company submits the above documents to the CAO. The tax declaration of improvement is released after an appraiser inspects the property on the same or the following day.

* This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Davao

Procedures to build a warehouse

Warehouse Value: USD 380,011 = PHP 19,500,000

Date as of: December 2007

Procedure 1. Obtain certified true copy (CTC) of the land title from the Registry of Deeds (RD)

Time: 2 days

Cost: PHP 70

Comments: The company must obtain a CTC of the land title 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: 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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.

Procedure 3*. Obtain Barangay clearance

Time: 1 day

Cost: PHP 50

Comments: This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.

Procedure 4. Request the locational clearance from the City Planning and Development Office (CPDO)

Time: 1 day

Cost: PHP 2,250 (PHP 1.5 per square meter + PHP 300 filing fee)

Comments: This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required. The time to complete the construction may be shorter if the warehouse is to be built in an industrial area versus other areas.

Procedure 5. Notarize the locational clearance at the notary

Time: 1 day
Cost: PHP 100

Procedure 6. Receive inspection for the locational clearance from the CPDO

Time: 1 day
Cost: No cost (fees included in procedure 4)

Comments: The CPDO conducts an inspection of the property before issuance of the locational clearance.

Procedure 7. Obtain the locational clearance from the CPDO

Time: 2 days
Cost: No cost

Comments: The company goes to the CPDO to obtain the locational clearance.

Procedure 8. Apply for the building permit at the Office of the Building Official (OBO)

Time: 1 day
Cost: PHP 100 (filing fee)

Comments: The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical specifications of the project approved to ensure they are compliant with the design codes, and safety laws and regulations. To obtain the building permit, the company gets the application forms and checklist from the Receiving Section at the OBO. The receiving personnel will check if all documents in the checklist are satisfied. In Davao the building permit application need not be notarized since the city is using the old application forms which do not require notarization.

Procedure 9. Obtain fire safety evaluation and correction sheet on the building plans from the local fire marshal at the Bureau of Fire Protection (BFP)

Time: 7 days
Cost: PHP 19,500 (0.1% of the estimated value of the building)

Comments: After the building permit application is approved, the Building Official releases the order of payment for the company to pay at the City Treasurer's Office. The approval from the fire marshal is required to confirm that the plans and specifications conform to all the fire safety and control requirements of the Fire Code of the Philippines. Upon presentation of the official receipts, the company submits all the documents and plans together with the endorsement letter from the Building Official to the local to obtain approval from the latter with respect to fire safety and control requirements. As per National Building Code, the shall give his/her recommendation within five working days from date of referral. Failure to act within said period shall mean that the plans and specifications conform to all the requirements of the Fire Code of the Philippines. While the company is getting approval from the local fire marshal, processing of application, checking plans and specifications by the technical staff of the OBO is ongoing.

Procedure 10. Obtain the building permit from the OBO

Time: 18 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 local fire marshal's approval, the company submits all documents to the Pre-Evaluation Section at the OBO. After pre-evaluation, the Receiving Section officially receives the application for Building Permit. Upon receipt, the Building Official assigns the application to the Chief Processing and Evaluation Division (CPED) for technical evaluation of plans. The CPED refers to the Chief of Enforcement who recommends the application for the approval of the Building Official. The approved application is forwarded to the Records Section of the Administrative Division for releasing of the building permit, duly stamped with the permit number.

Procedure 11. Receive inspection from the BFP

Time: 1 day
Cost: No cost (fees included in procedure 9)

Comments: During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).

Procedure 12. Receive inspection from the OBO

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

Comments: During the construction of the warehouse, the OBO will conduct an inspection of the site at random, to determine whether the construction follows the approved building plans and design.

Procedure 13. Request the fire safety inspection certificate (FSIC) from the BFP

Time: 1 day
Cost: PHP 1,641 (10% of total fees for certificate of occupancy)

Comments: After construction of the warehouse, the company requests the BFP for an inspection of the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition.

Procedure 14. Receive 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
Comments: After inspection, the company obtains the certificate from the BFP.

Procedure 16. Obtain validation from Zoning Administrator at the CPDO

Time: 2 days
Cost: PHP 300 (filing fee)

Comments: This is clearance confirms that the warehouse has complied with the issued locational clearance. The company submits the completed forms for the application of certificate of occupancy including certificate of completion, approved building plans, and location clearance to the Zoning Administrator for validation that the completed project conforms to the issued locational clearance. This validation is a prerequisite for obtaining the certificate of occupancy.

Procedure 17*. Receive inspection for Zoning Administrator's validation from the CPDO

Time: 1 day
Cost: No cost
Comments: After submission, inspection may take place in the afternoon or the following day conducted by the CPDO, wherein the Zoning Administrator holds office.

Procedure 18. Request the certificate of occupancy and certificate of electrical inspection (CEI) from the OBO

Time: 1 day
Cost: PHP 16,506 (project value/1.2 million x 1,000 plus PHP 60 plumbing fee + PHP 96 electrical fee + PHP 100 filing fee)

Comments: The application for the certificate of occupancy includes a form for the certificate of electrical inspection. The certificates are prerequisites for the electricity connection and are released after a team of inspectors (architectural, structural, electrical, mechanical, and sanitary) inspects the site and certifies that the warehouse as built conforms to the design, plans, and cost of the project.

Procedure 19. Receive inspection for the certificate of occupancy and CEI from the OBO

Time: 1 day
Cost: No cost (fees included in procedure 18)

Procedure 20. Obtain the certificate of occupancy and CEI from the OBO

Time: 5 days
Cost: PHP 500

Procedure 21. Request connection for electricity from Davao Light and Electric Company (DLEC)

Time: 1 day

Cost: PHP 255,000 (cost of three 50kVA transformers)

Comments: The electric company is DLEC. The company visits DLEC to request the connection. DLEC conducts an inspection of the warehouse and in the following days the technical staff visit the site for the electric connection. The cost of the transformers is PHP 85,000 (three needed) and is refunded upon termination of the contract. The installation cost of PHP 45,000 is refunded after a year through deductions to monthly bills computed at 25% of the applicant's annual gross distribution revenue.

Procedure 22. Receive inspection for electricity from DLEC

Time: 1 day

Cost: No cost

Procedure 23. Obtain connection for electricity from DLEC

Time: 2 days

Cost: No cost

Procedure 24*. Request connection for water and sewage from Davao Water District (DWD)

Time: 1 day

Cost: PHP 1,500 (installation fee paid during application)

Comments: The local service provider is DWD. The company visits DWD to request the connection; connection is effected some days after the inspection.

Procedure 25*. Receive inspection for water and sewage connection from DWD

Time: 1 day

Cost: No cost

Procedure 26*. Obtain water and sewage connection from DWD

Time: 5 days

Cost: No cost

Procedure 27*. Obtain telephone connection from the telephone company

Time: 4 days

Cost: PHP 1,500 (installation fee and unit)

Comments: There are two telephone companies providing landline services in Davao. These are Philippine Long Distance Co. (PLDT) and Bayantel. For PLDT, the cost is PHP 2,100 (PHP 1,500 installation fee and unit + PHP 600 deposit (monthly rate)) and there is a lock-in period of 12 months for the regular phone line. For Bayantel, the cost is PHP 2,449 (PHP 1,550 installation fee and unit + PHP 899 deposit (monthly rate)) and there is a lock-in period of 12 months for the regular phone line. The case study assumes that the company will request services from PLDT as this is the option favorable to the company.

Procedure 28*. Secure the tax declaration of improvement at the City Assessor's Office (CAO)

Time: 2 days

Cost: No cost

Comments: The company must update the official records to include the newly built warehouse for tax purposes. The OBO furnishes to the CAO a copy of the building plan and certificate of occupancy every month to notify them of the new building construction. This may take less time if the company submits the above documents to the CAO. The tax declaration of improvement is released after an appraiser inspects the property on the same or the following day.

*This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Lapu-Lapu

Procedures to build a warehouse

Warehouse Value: USD 380,011 = PHP 19,500,000

Date as of: December 2007

Procedure 1. Obtain certified true copy (CTC) of the land title from the Registry of Deeds (RD)

Time: 2 days

Cost: PHP 30

Comments: The company must obtain a CTC of the land title as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain CTC of the tax declaration of real property from the City Assessor's Office (CAO)

Time: 2 days

Cost: PHP 30

Comments: The company must obtain a CTC of the tax declaration of real property so that it can identify the property by its index number.

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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.

Procedure 4*. Obtain Barangay clearance

Time: 2 days

Cost: PHP 100

Comments: This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.

Procedure 5. Request the locational clearance from the City Planning and Development Office (CPDO)

Time: 1 day

Cost: PHP 20,400 (PHP 1,000 + 1/10 of 1% of the total estimated cost of the project in excess of PHP 100,000)

Comments: This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required. The time to complete the construction may be shorter if the warehouse is to be built in an industrial area versus other areas. The cost is based on the Housing and Land Use Regulatory Board (HLURB) Schedule of Fees 1998.

Procedure 6. Receive inspection for the locational clearance from the CPDO

Time: 1 day

Cost: No cost (fees included in procedure 5)

Comments: The CPDO conducts an inspection of the property before issuance of the locational clearance.

Procedure 7. Obtain the locational clearance from the CPDO

Time: 8 days

Cost: No cost

Comments: The company goes to the CPDO to obtain the locational clearance.

Procedure 8. Apply for the building permit at the Office of the Building Official (OBO)

Time: 1 day

Cost: No cost

Comments: The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical speci-

cations of the project approved to ensure they are compliant with the design codes, and safety laws and regulations.

Procedure 9. Obtain fire safety evaluation and correction sheet on the building plans from the local fire marshal at the Bureau of Fire Protection (BFP)

Time: 7 days

Cost: PHP 19,500 (0.1% of the estimated value of the building)

Comments: This approval is required to confirm that the plans and specifications conform to all the fire safety and control requirements of the Fire Code of the Philippines. Upon presentation of the official receipts, the company submits all the documents and plans together with the endorsement letter from the Building Official to the local fire marshal to obtain approval from the latter with respect to fire safety and control requirements. As per National Building Code, the fire marshal shall give his/her recommendation within five working days from date of referral. Failure to act within said period shall mean that the plans and specifications conform to all the requirements of the Fire Code of the Philippines. While awaiting approval from the fire marshal, the company goes from desk to desk to have the plans evaluated and approved.

Procedure 10. Get evaluation and approval of the architectural plans from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 15)

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 and approval of the civil/ structural plans from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 15)

Procedure 12. Get evaluation and approval of the line and grade plans from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 15)

Procedure 13. Get evaluation and approval of the sanitary, sewage and plumbing plans from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 15)

Procedure 14. Get evaluation and approval of the electrical plans from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 15)

Procedure 15. Obtain the building permit from the OBO

Time: 16 days

Cost: PHP 24,711 (as of December 2007, the city used the older formula in the National Building Code of the Philippines for the cost of the building permit. This was PHP 12 per square meter. The computation here is based on PHP 19 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 releases the order of payment for the company to pay at the City Treasurer's Office. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section for recording and issuance of the permit.

Procedure 16. Receive inspection from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 9)

Comments: During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).

Procedure 17. Receive inspection from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 15)

Comments: During the construction of the warehouse, the OBO will conduct an inspection of the site at random, to determine whether the construction follows the approved building plans and design.

Procedure 18. Obtain connection to the city's sewage system

Time: 1 day

Cost: No cost

Procedure 19. Request the fire safety inspection certificate (FSIC) from the BFP

Time: 1 day

Cost: PHP 2,471 (10% of building permit fees)

Comments: After construction of the warehouse, the company requests the BFP for an inspection of the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition.

Procedure 20. Receive 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

Comments: At the OBO, the company is given an endorsement for the BFP to conduct final inspection with regards to fire safety, which the company takes to the BFP for the scheduling of an inspection. After the inspection, the company goes back to the BFP to obtain the certificate and submit it to the OBO in order to process the occupancy certificate.

Procedure 22. Request the certificate of occupancy and certificate of electrical inspection (CEI) from the OBO

Time: 1 day

Cost: PHP 1,750

Comments: The application for the certificate of occupancy includes a form for the certificate of electrical inspection. The certificates are prerequisites for the electricity connection and are released after a team of inspectors (architectural, structural, electrical, mechanical, and sanitary) inspects the site and certifies that the warehouse as built conforms to the design, plans, and cost of the project.

Procedure 23. Receive inspection for the certificate of occupancy and CEI from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 22)

Procedure 24. Obtain the certificate of occupancy and CEI from the OBO

Time: 14 days

Cost: No cost

Procedure 25. Request connection for electricity from Mactan Electric Company (MECO)

Time: 1 day

Cost: PHP 330,000 (cost of three 50kVA transformers)

Comments: The electric company is MECO. The company visits MECO to request the connection and submit the certificate of electrical inspection and electrical plans. MECO conducts an inspection of the warehouse and in the following days the technical staff visit the site for the electricity connection. The cost of the transformers is PHP 110,000 per transformer (three needed) and is refunded upon termination of contract while lines and labor costs of PHP 170,000 are refunded a year after the start of contract. The refund is through a deduction to monthly bills computed at 25% of the applicant's annual gross distribution revenue.

Procedure 26. Receive inspection for electricity from MECO

Time: 1 day

Cost: No cost

Procedure 27. Obtain connection for electricity from MECO

Time: 13 days

Cost: No cost

Procedure 28*. Request connection for water from Metro Cebu Water District (MCWD)

Time: 1 day

Cost: PHP 4,700 (installation fee paid during application)

Comments: The local service provider is MCWD. The company visits MCWD to request the connection; connection is effected some days after the inspection.

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: No cost

Procedure 31*. Obtain telephone connection from the telephone company

Time: 5 days

Cost: PHP 1,310 (installation fee and unit)

Comments: There are two telephone companies providing landline services in Lapu-Lapu. These are Philippine Long Distance Co. (PLDT) and Globelines. They only provide permanent telephone connection. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. For Globelines, there is no cost if the applicant provides proof of financial capability. Otherwise, the applicant has to pay PHP 1,310. There is a lock-in period of 12 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 32*. Secure the tax declaration of improvement at the CAO

Time: 2 days

Cost: No cost

Comments: The company must update the official records to include the newly built warehouse for tax purposes. The OBO furnishes to the CAO a copy of the building plan and certificate of occupancy every month to notify them of the new building construction. This may take less time if the company submits the above documents to the CAO. The tax declaration of improvement is released after an appraiser inspects the property on the same or the following day.

*This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Las Piñas

Procedures to build a warehouse

Warehouse Value: USD 380,011 = PHP 19,500,000

Date as of: December 2007

Procedure 1. Obtain certified true copy (CTC) of the land title from the Registry of Deeds (RD)

Time: 3 days

Cost: PHP 30

Comments: The company must obtain a CTC of the land title as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain CTC of the tax declaration of real property from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 100

Comments: The company must obtain a CTC of the tax declaration of real property so that it can identify the property by its index number.

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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.

Procedure 4*. Obtain Barangay clearance

Time: 1 day

Cost: PHP 300

Comments: This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.

Procedure 5. Request the locational clearance from the City Planning and Development Office (CPDO)

Time: 1 day

Cost: PHP 8,503 (PHP 5 per square meter + PHP 2,000 filing fee)

Comments: This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required. The time to complete the construction may be shorter if the warehouse is to be built in an industrial area versus other areas. The cost is based on the Las Piñas Zoning Ordinance.

Procedure 6. Receive inspection for the locational clearance from the CPDO

Time: 1 day

Cost: No cost (fees included in procedure 5)

Comments: The CPDO conducts an inspection of the property before issuance of the locational clearance.

Procedure 7. Obtain the locational clearance from the CPDO

Time: 3 days

Cost: No cost

Comments: The company goes to the CPDO to obtain the locational clearance.

Procedure 8. Apply for the building permit at the Office of the Building Official (OBO)

Time: 1 day

Cost: PHP 700 (filing fee)

Comments: The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical specifications of the project approved to ensure they are compliant with the design codes, and safety laws and regulations. To obtain the building permit, the company gets the application forms and checklist from the Receiving Section at the OBO. The receiving personnel will check if all documents in the checklist are satisfied.

Procedure 9. Obtain fire safety evaluation and correction sheet on the building plans from the local fire marshal at the Bureau of Fire Protection (BFP)

Time: 7 days

Cost: PHP 19,500 (0.1% of the estimated value of the building)

Comments: This approval is required to confirm that the plans and specifications conform to all the fire safety and control requirements of the Fire Code of the Philippines. Upon presentation of the official receipts, the company submits all the documents and plans together with the endorsement letter from the Building Official to the local fire marshal to obtain approval from the latter with respect to fire safety and control requirements. As per National Building Code, the fire marshal shall give his/her recommendation within five working days from date of referral. Failure to act within said period shall mean that the plans and specifications conform to all the requirements of the Fire Code of the Philippines. While the company is getting approval from the local fire marshal, processing of application, checking plans and specifications by the technical staff of the OBO is ongoing.

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 releases the order of payment for the company to pay at the City Treasurer's Office.

Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section for recording and issuance of the permit.

Procedure 11. Receive inspection from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 9)

Comments: During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).

Procedure 12. Request the fire safety inspection certificate (FSIC) from the BFP

Time: 1 day

Cost: PHP 3,901 (10% of building permit fees)

Comments: After construction of the warehouse, the company requests the BFP for an inspection of the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition.

Procedure 13. Receive 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: 2 days

Cost: No cost

Comments: After inspection, the company obtains the certificate from the BFP.

Procedure 15. Request the certificate of occupancy and certificate of electrical inspection (CEI) from the OBO

Time: 1 day

Cost: PHP 2,700 (PHP 2,000 basic fee + PHP 700 filing fee)

Comments: The application for the certificate of occupancy includes a form for the certificate of electrical inspection. The certificates are prerequisites for the electricity connection and are released after a team of inspectors (architectural, structural, electrical, mechanical, and sanitary) inspects the site and certifies that the warehouse as built conforms to the design, plans, and cost of the project.

Procedure 16. Receive inspection for the certificate of occupancy and CEI from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 15)

Procedure 17. Obtain the certificate of occupancy and CEI from the OBO

Time: 8 days

Cost: PHP 800

Procedure 18. Request connection for electricity from Meralco

Time: 1 day

Cost: No cost

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. The cost of the transformers is PHP 106,850 per transformer (two needed). The service deposit is PHP 138,580. Both the transformer and service deposit are refundable after the first year through annual deductions to the electricity bill or through checks computed at 25% of the applicant's annual gross distribution revenue.

Procedure 19. Receive inspection for electricity from Meralco

Time: 1 day

Cost: No cost

Procedure 20. Obtain connection for electricity from Meralco

Time: 88 days

Cost: No cost

Procedure 21*. Request connection for water and sewage from Maynilad Water Services, Inc (Maynilad)

Time: 1 day

Cost: PHP 6,411 (installation fee paid during application)

Comments: The water company is Maynilad. The company visits Maynilad to request the connection and inspection time takes two weeks. Maynilad subcontracts the installation with a contractor and the time of actual installation depends on the contractor.

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: No cost

Procedure 24*. Obtain telephone connection from the telephone company

Time: 5 days

Cost: PHP 1,310 (installation fee and unit)

Comments: There are two telephone companies providing landline services in Las Piñas. These are Philippine Long Distance Co. (PLDT) and Globelines. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 24 months for the regular phone line. For Globelines, there is no cost if the applicant provides proof of financial capability. Otherwise, the applicant has to pay PHP 1,310. There is a lock-in period of 12 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*. Secure the tax declaration of improvement at the CAO

Time: 3 days

Cost: No cost

Comments: The company must update the official records to include the newly built warehouse for tax purposes. The company submits to the CAO a copy of the building plan and certificate of occupancy. The tax declaration of improvement is released after an appraiser inspects the property on the same or the following day.

* This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Makati

Procedures to build a warehouse

Warehouse Value: USD 380,011 = PHP 19,500,000

Date as of: December 2007

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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.

Procedure 2*. Obtain Barangay clearance

Time: 2 days

Cost: PHP 250 (PHP 150 construction permit + PHP 100 additional floor area)

Comments: This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.

Procedure 3. Apply for locational clearance from the Urban Development Department (UDD)

Time: 1 day

Cost: PHP 16,458 (PHP 12.5 per square meter + PHP 200 filing fee)

Comments: This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required. The time to complete the construction may be shorter if the warehouse is to be built in an industrial area versus other areas.

Procedure 4. Notarize locational clearance at the notary

Time: 1 day

Cost: PHP 50

Comments: The company pays PHP 50 at the Zoning Office for the notarization. The staff of the Zoning Office will have the application notarized with an official receipt.

Procedure 5. Receive inspection for locational clearance from the UDD

Time: 1 day

Cost: No cost (fees included in procedure 3)

Comments: The UDD conducts an inspection of the property before issuance of the locational clearance.

Procedure 6. Obtain locational clearance from the UDD

Time: 4 days

Cost: No cost

Comments: The company goes to the UDD to obtain the locational clearance.

Procedure 7. Obtain fire safety evaluation and correction sheet on the building plans from the local fire marshal at the Bureau of Fire Protection (BFP)

Time: 7 days

Cost: PHP 19,500 (0.1% of the estimated value of the building)

Comments: This approval is required to confirm that the plans and specifications conform to all the fire safety and control requirements of the Fire Code of the Philippines. The company submits the plans and the recommendation letter from the Building Official to the local fire marshal to obtain approval. As per National Building Code, the fire marshal shall give his/her recommendation within five working days from date of referral. Failure to act within the said period shall mean that the plans and specifications conform to all the requirements of the Fire Code of the Philippines.

Procedure 8. Apply for the building permit at the Office of the Building Official (OBO)

Time: 1 day

Cost: No cost

Comments: The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical specifications of the project approved to ensure they are compliant with the design codes, and safety laws and regulations.

Procedure 9. Obtain the building permit from the OBO

Time: 5 days

Cost: PHP 24,711 (as of December 2007, the city used the older formula in the National Building Code of the Philippines for the cost of the building permit. This was PHP 12 per square meter. The computation here is based on PHP 19 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 releases the order of payment for the company to pay at the City Treasurer's Office. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section for recording and issuance of the permit.

Procedure 10. Receive inspection from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 7)

Comments: During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).

Procedure 11. Receive inspection from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 9)

Comments: During the construction of the warehouse, the OBO will conduct an inspection of the site at random, to determine whether the construction follows the approved building plans and design.

Procedure 12. Request the fire safety inspection certificate (FSIC) from the BFP

Time: 1 day

Cost: PHP 2,471 (10% of building permit fees)

Comments: After construction of the warehouse, the company requests the BFP for an inspection of the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition.

Procedure 13. Receive 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: 1 day

Cost: No cost

Comments: After inspection, the company obtains the certificate from the BFP.

Procedure 15. Request the certificate of occupancy and certificate of electrical inspection (CEI) from the OBO

Time: 1 day

Cost: No cost

Comments: The application for the certificate of occupancy includes a form for the certificate of electrical inspection. The certificates are prerequisites for the electricity connection and are released after a team of inspectors (architectural, structural, electrical, mechanical, and sanitary) inspects the site and certifies that the warehouse as built conforms to the design, plans, and cost of the project.

Procedure 16. Receive inspection for the certificate of occupancy and CEI from the OBO

Time: 1 day

Cost: No cost

Procedure 17. Obtain the certificate of occupancy and CEI from the OBO

Time: 5 days

Cost: PHP 1,700 (PHP 1,600 basic fee + PHP 100 inspection fee)

Comments: The City Government of Makati does not charge for the CEI provided that there will be no additional loads to be installed based on the approved plan.

Procedure 18. Request connection for electricity from Meralco

Time: 1 day

Cost: No cost

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. The cost of the transformers is PHP 106,850 per transformer (two needed). The service deposit is PHP 138,580. Both the transformer and service deposit are refundable after the first year through annual deductions to the electricity bill or through checks computed at 25% of the applicant's annual gross distribution revenue.

Procedure 19. Receive inspection for electricity from Meralco

Time: 1 day

Cost: No cost

Procedure 20. Obtain connection for electricity from Meralco

Time: 88 days

Cost: No cost

Procedure 21*. Request connection for water and sewage from Maynilad Water Services, Inc (Maynilad) or Manila Water Company, Inc (Manila Water)

Time: 1 day

Cost: PHP 6,411 (installation fee paid during application)

Comments: There are two private water providers for Makati. 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 6,411 for Maynilad or PHP 6,635 for Manila Water. Inspection time takes two weeks and the connection is effected some days after the inspection. The case study assumes that the company will request water from Maynilad as this is the option favorable to the company.

Procedure 22*. Receive inspection for water and sewage connection from Maynilad or Manila Water

Time: 1 day

Cost: No cost

Procedure 23*. Obtain water and sewage connection from Maynilad or Manila Water

Time: 30 days

Cost: No cost

Procedure 24*. Obtain telephone connection from the telephone company

Time: 5 days

Cost: PHP 1,310 (installation fee and unit)

Comments: There are two telephone companies providing landline services in Makati. These are Philippine Long Distance Co. (PLDT) and Globelines. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 24 months for the regular phone line. For Globelines, there is no cost if the applicant provides proof of financial capability. Otherwise, the applicant has to pay PHP 1,310. There is a lock-in period of 12 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*. Secure the tax declaration of improvement at the City Assessor's Office (CAO)

Time: 2 days

Cost: No cost

Comments: The company must update the official records to include the newly built warehouse for tax purposes. The OBO furnishes to the CAO a copy of the building plan and certificate of occupancy every month to notify them of the new building construction. This may take less time if the company submits the above documents and a sworn declaration of the property to the CAO. The tax declaration of improvement is released after an appraiser inspects the property on the same or the following day.

* This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Malabon

Procedures to build a warehouse

Warehouse Value: USD 380,011 = PHP 19,500,000

Date as of: December 2007

Procedure 1. Obtain certified true copy (CTC) of the land title from the Registry of Deeds (RD)

Time: 2 days

Cost: PHP 30

Comments: The company must obtain a CTC of the land title as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain CTC of the tax declaration of real property from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 50

Comments: The company must obtain a CTC of the tax declaration of real property so that it can identify the property by its index number.

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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.

Procedure 4*. Obtain Barangay clearance

Time: 1 day

Cost: PHP 500

Comments: This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.

Procedure 5. Request the locational clearance from the City Planning and Development Office (CPDO)

Time: 1 day

Cost: PHP 23,450 (PHP 18 per square meter + PHP 40 processing fee)

Comments: This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required. The time to complete the construction may be shorter if the warehouse is to be built in an industrial area versus other areas. The cost is based on the Malabon City Revenue Code.

Procedure 6. Receive inspection for the locational clearance from the CPDO

Time: 1 day

Cost: No cost (fees included in procedure 5)

Comments: The CPDO conducts an inspection of the property before issuance of the locational clearance.

Procedure 7. Obtain the locational clearance from the CPDO

Time: 3 days

Cost: No cost

Comments: The company goes to the CPDO to obtain the locational clearance.

Procedure 8. Apply for the building permit at the Office of the Building Official (OBO)

Time: 1 day

Cost: No cost

Comments: The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical specifications of the project approved to ensure they are compliant with the design codes, and safety laws and regulations. To obtain the building permit, the company gets the application forms and checklist from the Receiving Section at the OBO. The receiving personnel will check if all documents in the checklist are satisfied.

Procedure 9. Notarize building permit at the notary

Time: 1 day

Cost: PHP 100

Procedure 10. Obtain fire safety evaluation and correction sheet on the building plans from the local fire marshal at the Bureau of Fire Protection (BFP)

Time: 7 days

Cost: PHP 19,500 (0.1% of the estimated value of the building)

Comments: This approval is required to confirm that the plans and specifications conform to all the fire safety and control requirements of the Fire Code of the Philippines. Upon presentation of the official receipts, the company submits all the documents and plans together with the endorsement letter from the Building Official to the local fire marshal to obtain approval from the latter with respect to fire safety and control requirements. As per National Building Code, the fire marshal shall give his/her recommendation within five working days from date of referral. Failure to act within said period shall mean that the plans and specifications conform to all the requirements of the Fire Code of the Philippines. While the company is getting approval from the local fire marshal, processing of application, checking plans and specifications by the technical staff of the OBO is ongoing.

Procedure 11. 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 releases the order of payment for the company to pay at the City Treasurer's Office. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section for recording and issuance of the permit.

Procedure 12. Receive inspection from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 10)

Comments: During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).

Procedure 13. Request the fire safety inspection certificate (FSIC) from the BFP

Time: 1 day

Cost: PHP 3,901 (10% of building permit fees)

Comments: After construction of the warehouse, the company requests the BFP for an inspection of the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition.

Procedure 14. Receive 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

Comments: After inspection, the company obtains the certificate from the BFP.

Procedure 16. Request the certificate of occupancy from the OBO

Time: 1 day

Cost: PHP 11,000 (floor area x 10, 000/1.2 million, the result is multiplied by PHP 1,000)

Comments: The company must secure first the occupancy certificate before applying for the certificate of electrical inspection. The time for inspection will be scheduled when the company visits the OBO to apply for the certificate. OBO inspects the site and certifies that the project as built conforms to the design, plans, and the actual cost of the project.

Procedure 17. Receive inspection for the certificate of occupancy from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 16)

Procedure 18. Obtain the certificate of occupancy from the OBO

Time: 1 day

Cost: No cost

Procedure 19. Request the certificate of electrical inspection (CEI) from the OBO

Time: 13 days

Cost: No cost (fees included in procedure 11)

Comments: The company visits the Electrical Division of the OBO to request the certificate of electrical inspection and schedule for an inspection to certify that the as-built plans correspond to the actual completed construction works.

Procedure 20. Receive inspection for the CEI from the OBO

Time: 1 day

Cost: PHP 50 (inspection fee)

Procedure 21. Obtain the CEI from the OBO

Time: 1 day

Cost: No cost

Procedure 22. Request connection for electricity from Meralco

Time: 1 day

Cost: No cost

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. The cost of the transformers is PHP 106,850 per transformer (two needed). The service deposit is PHP 138,580. Both the transformer and service deposit are refundable after the first year through annual deductions to the electricity bill or through checks computed at 25% of the applicant's annual gross distribution revenue.

Procedure 23. Receive inspection for electricity from Meralco

Time: 1 day

Cost: No cost

Procedure 24. Obtain connection for electricity from Meralco

Time: 88 days

Cost: No cost

Procedure 25*. Request connection for water and sewage from Maynilad Water Services, Inc (Maynilad)

Time: 1 day

Cost: PHP 6,411 (installation fee paid during application)

Comments: The water company is Maynilad. The company visits Maynilad to request the connection and inspection time takes two weeks. Maynilad subcontractors 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: No cost

Procedure 28*. Obtain telephone connection from the telephone company

Time: 5 days

Cost: PHP 999 (installation fee and unit)

Comments: There are three telephone companies providing landline services for Malabon. The cost is PHP 1,500 for Philippine Long Distance Co. (PLDT), PHP 1,310 for Globelines, and PHP 999 for Bayantel. There is a lock-in period of 24, 12 and 12 months respectively for the regular phone line. The case study assumes that the company will request services from Bayantel as this is the option favorable to the company.

Procedure 29*. Secure the tax declaration of improvement at the CAO

Time: 2 days

Cost: No cost

Comments: The company must update the official records to include the newly built warehouse for tax purposes. The OBO furnishes to the CAO a copy of the building plan and building permit every month to notify them of the new building construction. The tax declaration of improvement is released the day after an appraiser inspects the property.

* This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Mandaluyong

Procedures to build a warehouse

Warehouse Value: USD 380,011 = PHP 19,500,000

Date as of: December 2007

Procedure 1. Obtain certified true copy (CTC) of the land title from the Registry of Deeds (RD)

Time: 3 days

Cost: PHP 30

Comments: The company must obtain a CTC of the land title as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain CTC of the tax declaration of real property from the City Assessor's Office (CAO)**Time:** 1 day**Cost:** PHP 10**Comments:** The company must obtain a CTC of the tax declaration of real property so that it can identify the property by its index number.**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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.**Procedure 4*. Obtain Barangay clearance****Time:** 2 days**Cost:** PHP 1,000 (between PHP 500–PHP 1,500)**Comments:** This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.**Procedure 5. Request the locational clearance from the City Planning and Development Office (CPDO)****Time:** 1 day**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:** This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required. The time to complete the construction may be shorter if the warehouse is to be built in an industrial area versus other areas. The cost is based on the Mandaluyong City Zoning Ordinance.**Procedure 6. Receive inspection for the locational clearance from the CPDO****Time:** 1 day**Cost:** No cost (fees included in procedure 5)**Comments:** The CPDO conducts an inspection of the property before issuance of the locational clearance.**Procedure 7. Obtain the locational clearance from the CPDO****Time:** 13 days**Cost:** No cost**Comments:** The company goes to the CPDO to obtain the locational clearance.**Procedure 8. Apply for the building permit at the Office of the Building Official (OBO)****Time:** 1 day**Cost:** No cost**Comments:** The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical specifications of the project approved to ensure they are compliant with the design codes, and safety laws and regulations. To obtain the building permit, the company gets the application forms and checklist from the Receiving Section at the OBO. The receiving personnel will check if all documents in the checklist are satisfied.**Procedure 9. Request fire safety evaluation and correction sheet on the building plans and order of payment from the local fire marshal at the Bureau of Fire Protection (BFP)****Time:** 7 days**Cost:** PHP 19,500 (0.1% of the estimated value of the building)**Comments:** This approval is required to confirm that the plans and specifications conform to all the fire safety and control requirements of the Fire Code of the Philippines. Upon presentation of the official receipts, the company submits all the documents and plans together with the endorsement letter from the Building Official to the local fire marshal to obtain approval from the latter with respect to fire

safety and control requirements. As per National Building Code, the fire marshal shall give his/her recommendation within five working days from date of referral. Failure to act within said period shall mean that the plans and specifications conform to all the requirements of the Fire Code of the Philippines. While the company is getting approval from the local fire marshal, processing of application, checking plans and specifications by the technical staff of the OBO is ongoing. The fire fund fees are paid at the City Treasurer's Office (CTO).

Procedure 10. Receive the fire safety approval from the local fire marshal at the BFP**Time:** 1 day**Cost:** No cost**Procedure 11. 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 releases the 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 for recording and issuance of the permit.**Procedure 12. Receive inspection from the BFP****Time:** 1 day**Cost:** No cost (fees included in procedure 9)**Comments:** During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).**Procedure 13. Request 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:** After construction of the warehouse, the company requests the BFP for an inspection of 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 FSIC fees are paid at the CTO.**Procedure 14. Receive 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:** 7 days**Cost:** No cost**Comments:** After inspection, the company obtains the certificate from the BFP.**Procedure 16. Request the certificate of occupancy from the OBO****Time:** 1 day**Cost:** PHP 20,000 (PHP 1,000 per million of the project value)**Comments:** The company must secure first the occupancy certificate before applying for the certificate of electrical inspection. The time for inspection will be scheduled when the company visits the OBO to apply for the certificate. A building official inspects the site and certifies that the project as built conforms to the design, plans, and the actual cost of the project.**Procedure 17. Receive inspection for the certificate of occupancy from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 16)**Procedure 18. Obtain the certificate of occupancy from the OBO****Time:** 8 days**Cost:** No cost**Procedure 19. Request the certificate of electrical inspection (CEI) from the OBO****Time:** 1 day

Cost: No cost (fees included in procedure 11)

Comments: The company visits the Electrical Division of the OBO to request the certificate of electrical inspection and schedule for an inspection to certify that the as-built plans correspond to the actual completed construction works. The certificate itself has no charge. However, the inspection fee, which is 10% of electrical fees paid, is being charged. Prior to application of the certificate of electrical inspection, the company must have secured the certificate of occupancy.

Procedure 20. Receive inspection for the CEI from the OBO

Time: 1 day

Cost: No cost

Procedure 21. Obtain the CEI from the OBO

Time: 2 days

Cost: No cost

Procedure 22. Request connection for electricity from Meralco

Time: 1 day

Cost: No cost

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. The cost of the transformers is PHP 106,850 per transformer (two needed). The service deposit is PHP 138,580. Both the transformer and service deposit are refundable after the first year through annual deductions to the electricity bill or through checks computed at 25% of the applicant's annual gross distribution revenue.

Procedure 23. Receive inspection for electricity from Meralco

Time: 1 day

Cost: No cost

Procedure 24. Obtain connection for electricity from Meralco

Time: 88 days

Cost: No cost

Procedure 25*. Request connection for water and sewage from Manila Water Company, Inc (Manila Water)

Time: 1 day

Cost: PHP 6,635 (installation fee paid during application)

Comments: The water company is Manila Water. The company visits Manila Water to request the connection and inspection time takes two weeks. Connection is effected some days after the inspection.

Procedure 26*. Receive inspection for water and sewage connection from Manila Water

Time: 1 day

Cost: No cost

Procedure 27*. Obtain water and sewage connection from Manila Water

Time: 21 days

Cost: No cost

Procedure 28*. Obtain telephone connection from the telephone company

Time: 5 days

Cost: PHP 1,310 (installation fee and unit)

Comments: There are two telephone companies providing landline services in Mandaluyong. These are Philippine Long Distance Co. (PLDT) and Globelines. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 24 months for the regular phone line. For Globelines, there is no cost if the applicant provides proof of financial capability. Otherwise, the applicant has to pay PHP 1,310. There is a lock-in period of 12 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*. Secure the tax declaration of improvement at the CAO

Time: 3 days

Cost: No cost

Comments: The company must update the official records to include the newly built warehouse for tax purposes. The OBO furnishes to the CAO a copy of the building plan, building permit and certificate of occupancy every month to notify them of the new building construction. This may take less time if the company submits the above documents to the CAO since the tax declaration of improvement will be released after three days.

* This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Mandaue

Procedures to build a warehouse

Warehouse Value: USD 380,011 = PHP 19,500,000

Date as of: December 2007

Procedure 1. Obtain certified true copy (CTC) of the land title from the Registry of Deeds (RD)

Time: 2 days

Cost: PHP 30

Comments: The company must obtain a CTC of the land title as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain CTC of the tax declaration of real property from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 50

Comments: The company must obtain a CTC of the tax declaration of real property so that it can identify the property by its index number.

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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.

Procedure 4*. Obtain Barangay clearance

Time: 2 days

Cost: PHP 200 (between PHP 100–PHP 250)

Comments: This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.

Procedure 5. Request the locational clearance from the City Planning and Development Office (CPDO)

Time: 1 day

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: This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required. The time to complete the construction may be shorter if the warehouse is to be built in an industrial area versus other areas. The cost is based on the Housing and Land Use Regulatory Board (HLURB) Schedule of Fees 2004.

Procedure 6. Receive inspection for the locational clearance from the CPDO

Time: 1 day

Cost: No cost (fees included in procedure 5)

Comments: The CPDO conducts an inspection of the property before issuance of the locational clearance.

Procedure 7. Obtain the locational clearance from the CPDO

Time: 3 days

Cost: No cost

Comments: The company goes to the CPDO to obtain the locational clearance.

Procedure 8. Apply for the building permit from the City Engineering Office (CEO)

Time: 1 day

Cost: No cost

Comments: The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical specifications of the project approved to ensure they are compliant with the design codes, and safety laws and regulations. For companies that will construct building in a land they do not own, they are required to present a duly notarized copy of the contract of lease or contract of sale. Mandaue does not require notarization of the business permit since it is using the old forms.

Procedure 9. Obtain fire safety evaluation and correction sheet on the building plans from the local fire marshal at the Bureau of Fire Protection (BFP)

Time: 7 days

Cost: PHP 19,500 (0.1% of the estimated value of the building)

Comments: This approval is required to confirm that the plans and specifications conform to all the fire safety and control requirements of the Fire Code of the Philippines. Upon presentation of the official receipts, the company submits all the documents and plans together with the endorsement letter from the Building Official to the local fire marshal to obtain approval from the latter with respect to fire safety and control requirements. As per National Building Code, the fire marshal shall give his/her recommendation within five working days from date of referral. Failure to act within said period shall mean that the plans and specifications conform to all the requirements of the Fire Code of the Philippines. While awaiting approval from the fire marshal, the company goes from desk to desk to have the plans evaluated and approved.

Procedure 10. Get evaluation and approval of the architectural plans from the CEO

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 11. Get evaluation and approval of the civil/ structural plans from the CEO

Time: 1 day

Cost: No cost (fees included in procedure 16)

Procedure 12. Get evaluation and approval of the line and grade plans from the CEO

Time: 1 day

Cost: No cost (fees included in procedure 16)

Procedure 13. Get evaluation and approval of the sanitary and plumbing plans from the CEO

Time: 1 day

Cost: No cost (fees included in procedure 16)

Procedure 14. Get evaluation and approval of the electrical plans from the CEO

Time: 1 day

Cost: No cost (fees included in procedure 16)

Procedure 15. Obtain the Mayor's clearance from the City Mayor's Office (CMO)

Time: 1 day

Cost: No cost (fees included in procedure 16)

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 16. Obtain the building permit from the CEO

Time: 5 days

Cost: PHP 24,711 (as of December 2007, the city used the older formula in the National Building Code of the Philippines for the cost of the building permit. This was PHP 12 per square meter. The computation here is based on PHP 19 per square meter to account for ancillary costs such as electrical, mechanical and plumbing fees)

Comments: After the building permit application is approved, the company obtains the order of payment and pays the fees at the CEO. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section for recording and issuance of the permit.

Procedure 17. Receive inspection from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 9)

Comments: During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).

Procedure 18. Receive inspection from the CEO

Time: 1 day

Cost: No cost (fees included in procedure 16)

Comments: During the construction of the warehouse, the CEO will conduct an inspection of the site at random, to determine whether the construction follows the approved building plans and design.

Procedure 19. Obtain connection to the city's sewage system

Time: 1 day

Cost: No cost

Procedure 20. Request the fire safety inspection certificate (FSIC) from the BFP

Time: 1 day

Cost: PHP 2,471 (10% of building permit fees)

Comments: After construction of the warehouse, the company requests the BFP for an inspection of 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 company will go to the CEO to apply for certificate of occupancy. In the CEO, the applicant is given endorsement to the BFP to conduct final inspection with regards to fire safety. The company goes to the BFP with the endorsement to inform about the fire safety inspection and certificate. The BFP will then advise of the inspection schedule.

Procedure 21. Receive inspection for the FSIC from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 20)

Procedure 22. Obtain the FSIC from the BFP

Time: 3 days

Cost: No cost

Comments: After inspection, the company obtains the certificate from the BFP.

Procedure 23. Request the certificate of occupancy and certificate of electrical inspection (CEI) from the CEO

Time: 1 day

Cost: PHP 1,600

Comments: The application for the certificate of occupancy includes a form for the certificate of electrical inspection. The certificates are prerequisites for the electricity connection and are released after a team of inspectors (architectural, structural, electrical, mechanical, and sanitary) inspects the site and certifies that the warehouse as built conforms to the design, plans, and cost of the project.

Procedure 24. Receive inspection for the certificate of occupancy and CEI from the CEO

Time: 1 day

Cost: No cost (fees included in procedure 23)

Procedure 25. Obtain the certificate of occupancy and CEI from the CEO

Time: 10 days

Cost: No cost

Procedure 26. Request connection for electricity from Visayan Electric Corporation (VECO)

Time: 1 day

Cost: PHP 269,385 (cost of three 50kVA transformers)

Comments: The electric company is VECO. The company visits VECO to request the connection and submit the certificate of electrical inspection and electrical plans. VECO conducts an inspection of the warehouse and in the following days the technical staff visit the site for the electric connection. The cost of the transformers is PHP 89,795 per transformer (three needed) and is refunded upon termination of contract. The lines and labor costs amounting to PHP 30,000 are refunded a year after the start of contract through a deduction to monthly bills computed at 25% of the applicant's annual gross distribution revenue.

Procedure 27. Receive inspection for electricity from VECO

Time: 1 day

Cost: No cost

Comments: The electrical engineer of VECO will conduct an inspection and review the electrical plan of the warehouse.

Procedure 28. Obtain connection for electricity from VECO

Time: 19 days

Cost: No cost

Procedure 29*. Request connection for water from Metro Cebu Water District (MCWD)

Time: 1 day

Cost: PHP 4,700 (installation fee paid during application)

Comments: Local service provider is the MCWD. According to MCWD, application fee for permanent connection amounts to PHP 4,700.

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: PHP 1,310 (installation fee and unit)

Comments: There are two telephone companies providing landline services in Mandaue. These are Philippine Long Distance Co. (PLDT) and Globelines. They only provide permanent telephone connection. For PLDT the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. For Globelines, there is no cost if the applicant provides proof of financial capability. Otherwise, the applicant has to pay PHP 1,310. There is a lock-in period of 12 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 33*. Secure the tax declaration of improvement at the CAO

Time: 2 days

Cost: No cost

Comments: The company must update the official records to include the newly built warehouse for tax purposes. The OBO furnishes to the CAO a copy of the building plan and certificate of occupancy every month to notify them of the new building construction. The company also submits the building plan and building permit to the CAO in order to process the application. The tax declaration of improvement is released after an appraiser inspects the property on the same or the following day.

*This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Manila

Procedures to build a warehouse

Warehouse Value: USD 380,011 = PHP 19,500,000

Date as of: December 2007

Procedure 1. Obtain certified true copy (CTC) of the land title from the Registry of Deeds (RD)

Time: 5 days

Cost: PHP 72

Comments: The company must obtain a CTC of the land title as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain CTC of the tax declaration of real property from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 60

Comments: The company must obtain a CTC of the tax declaration of real property so that it can identify the property by its index number.

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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.

Procedure 4. Obtain Barangay clearance

Time: 2 days

Cost: PHP 100

Comments: This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.

Procedure 5. Obtain the locational clearance from the Mayor

Time: 20 days

Cost: PHP 2,296

Comments: This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required.

Procedure 6. Obtain the building permit from the Office of the Building Official (OBO)

Time: 65 days

Cost: PHP 39,733 (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 600 filing fee + PHP 115 for location with respect to abutment to street)

Comments: The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical specifications of the project approved to ensure they are compliant with the design codes, and safety laws and regulations.

Procedure 7. Notarize the building permit at the notary

Time: 1 day

Cost: PHP 200

Procedure 8. Request the fire safety inspection certificate (FSIC) from the Bureau of Fire Protection (BFP)

Time: 1 day

Cost: No cost

Comments: The City of Manila issues the building permit with only a notation that the construction covered by such permit shall be subject to a fire safety inspection later on after the warehouse has been completed. Thus, the evaluation/inspection

by the responsible officer of the BFP is done only after the construction has been completed and at the time the company is already applying for the certificate of occupancy.

Procedure 9. Receive inspection for the FSIC from the BFP

Time: 1 day
Cost: No cost

Procedure 10. Obtain the FSIC from the BFP

Time: 14 days
Cost: PHP 19,500 (0.1% of the estimated value of the building)

Procedure 11*. Request the certificate of electrical inspection (CEI) from the Electrical Section

Time: 1 day
Cost: No cost

Comments: In Manila, the electrical inspection certificate is one of the documents required to be submitted when the company applies for the issuance of a certificate of occupancy. Thus, this means that the electrical inspection has to be conducted first in order to determine whether or not the electrical installation in a building or structure has been completed in accordance with the approved plans and specification on file with the Building Official and that the same is in accordance with the Philippine Electrical Code provisions. For the electrical inspection, the electrical engineer of the city government concerned usually conducts the inspection.

Procedure 12*. Receive inspection for the CEI from the Electrical Section

Time: 1 day
Cost: No cost

Procedure 13*. Obtain the CEI from the Electrical Section

Time: 1 day
Cost: PHP 600

Procedure 14*. Request the occupancy certificate from the OBO

Time: 1 day
Cost: No cost

Comments: The OBO inspects the site and certifies that the project as built conforms to the design, plans, and the actual cost of the project.

Procedure 15*. Receive inspection for the occupancy certificate from the OBO

Time: 1 day
Cost: No cost

Procedure 16*. Obtain occupancy certificate from the OBO

Time: 10 days
Cost: PHP 3,122

Procedure 17. Request connection for electricity from Meralco

Time: 1 day
Cost: No cost

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. The cost of the transformers is PHP 106,850 per transformer (two needed). The service deposit is PHP 138,580. Both the transformer and service deposit are refundable after the first year through annual deductions to the electricity bill or through checks computed at 25% of the applicant's annual gross distribution revenue.

Procedure 18. Receive inspection for electricity from Meralco

Time: 1 day
Cost: No cost

Procedure 19. Obtain connection for electricity from Meralco

Time: 88 days
Cost: No cost

Procedure 20*. Request connection for water and sewage from Maynilad Water Services, Inc (Maynilad)

Time: 1 day
Cost: PHP 6,411 (installation fee paid during application)

Comments: The water company is Maynilad. The company visits Maynilad to request the connection and inspection time takes two weeks. Maynilad subcontracts the installation with a contractor and the time of actual installation depends on the contractor.

Procedure 21*. Receive inspection for water and sewage 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 (installation fee and unit)

Procedure 24*. Secure the tax declaration of improvement at the CAO

Time: 1 day
Cost: No cost

Comments: The company must update the official records to include the newly built warehouse for tax purposes.

* This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Marikina

Procedures to build a warehouse
Warehouse Value: USD 380,011 = PHP 19,500,000
Date as of: December 2007

Procedure 1. Obtain certified true copy (CTC) of the land title from the Registry of Deeds (RD)

Time: 1 day
Cost: PHP 30

Comments: The company must obtain a CTC of the land title as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain CTC of the tax declaration of real property from the City Assessor's Office (CAO)

Time: 1 day
Cost: PHP 20

Comments: The company must obtain a CTC of the tax declaration of real property so that it can identify the property by its index number.

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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.

Procedure 4*. Obtain Barangay clearance

Time: 2 days
Cost: PHP 500

Comments: This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.

Procedure 5. Request the locational clearance and apply for the building permit at the Office of the Building Official (OBO)

Time: 1 day

Cost: PHP 1,940 (PHP 1,000 + 1/10 of 1% in excess of PHP 100,000)

Comments: This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required. The time to complete the construction may be shorter if the warehouse is to be built in an industrial area versus other areas. The company can apply simultaneously for the locational clearance and building permit. However, if found that the project does not conform to land use, the processing of building permit is automatically terminated. The Receiving Section of the Office of the Local Building Official will receive and give a bar code number. The company will be given a slip of paper on when to return, usually five to seven days after receipt of the application. The documents are then forwarded to the Office of the Local Building Official for evaluation and processing (under the no contact rule between the applicant and permit processors/evaluators). After processing and evaluation, the documents are returned to the Receiving Section in the City Hall and then forwarded to the Mayor's Office for clearance. While in other cities the company would go to the BFP to request for the local Fire Marshal's recommendations with respect to fire safety and control requirements (done while the application for building permit is being processed), in Marikina, the OBO has a Liaison Officer who would go the BFP on behalf of the company to get the recommendation.

Procedure 6. Receive inspection for the locational clearance from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 5)

Comments: The OBO conducts an inspection of the property before issuance of the locational clearance.

Procedure 7. Obtain the locational clearance from the OBO

Time: 1 day

Cost: No cost

Comments: The company goes to the OBO to obtain the locational clearance.

Procedure 8. Notarize the building permit at the notary

Time: 1 day

Cost: PHP 100

Procedure 9. Obtain the building permit from the OBO

Time: 11 days

Cost: PHP 58,518 (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 plus PHP 19,500 for the cost of the fire safety approval)

Comments: After the building permit application is approved, the Building Official releases the order of payment for the company to pay at the City Treasurer's Office. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section for recording and issuance of the permit.

Procedure 10. Receive inspection from the Bureau of Fire Protection (BFP)

Time: 1 day

Cost: No cost (fees included in procedure 9)

Comments: During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).

Procedure 11. Receive inspection from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 9)

Comments: During the construction of the warehouse, the OBO will conduct an inspection of the site at random, to determine whether the construction follows the approved building plans and design.

Procedure 12. Request the fire safety inspection certificate (FSIC) from the BFP

Time: 1 day

Cost: No cost (Marikina City does not charge the 10% of the building permit fees)

Comments: After construction of the warehouse, the company requests the BFP for an inspection of the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition.

Procedure 13. Receive inspection for the FSIC from the BFP

Time: 1 day

Cost: No cost

Procedure 14. Obtain the FSIC from the BFP

Time: 2 days

Cost: No cost

Comments: After inspection, the company obtains the certificate from the BFP.

Procedure 15. Request the certificate of occupancy and certificate of electrical inspection (CEI) from the OBO

Time: 1 day

Cost: PHP 19,300 (cost is based on construction cost i.e. construction cost between PHP 850,000–PHP 1,200,000=PHP 1,000; every million or portion thereof in excess of PHP 1,200,000=PHP 1,000)

Comments: The application for the certificate of occupancy includes a form for the certificate of electrical inspection. The certificates are prerequisites for the electricity connection and are released after a team of inspectors (architectural, structural, electrical, mechanical, and sanitary) inspects the site and certifies that the warehouse as built conforms to the design, plans, and cost of the project.

Procedure 16. Receive inspection for the certificate of occupancy and CEI from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 15)

Procedure 17. Obtain the certificate of occupancy and CEI from the OBO

Time: 3 days

Cost: PHP 600

Procedure 18. Request connection for electricity from Meralco

Time: 1 day

Cost: No cost

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. The cost of the transformers is PHP 106,850 per transformer (two needed). The service deposit is PHP 138,580. Both the transformer and service deposit are refundable after the first year through annual deductions to the electricity bill or through checks computed at 25% of the applicant's annual gross distribution revenue.

Procedure 19. Receive inspection for electricity from Meralco

Time: 1 day

Cost: No cost

Procedure 20. Obtain connection for electricity from Meralco

Time: 88 days

Cost: No cost

Procedure 21*. Request connection for water and sewage from Manila Water Company, Inc (Manila Water)

Time: 1 day

Cost: PHP 6,635 (installation fee paid during application)

Comments: The water company is Manila Water. The company visits Manila Water to request the connection and inspection time takes two weeks. Connection is effected some days after the inspection.

Procedure 22*. Receive inspection for water and sewage connection from Manila Water**Time:** 1 day**Cost:** No cost**Procedure 23*. Obtain water and sewage connection from Manila Water****Time:** 21 days**Cost:** No cost**Procedure 24*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** PHP 999 (installation fee and unit)

Comments: There are three telephone companies providing landline services for Marikina. The cost is PHP 1,500 for Philippine Long Distance Co. (PLDT), PHP 1,310 for Globelines, and PHP 999 for Bayantel. There is a lock-in period of 24, 12 and 12 months respectively for the regular phone line. The case study assumes that the company will request services from Bayantel as this is the option favorable to the company.

Procedure 25*. Secure the tax declaration of improvement at the CAO**Time:** 3 days**Cost:** No cost

Comments: The company must update the official records to include the newly built warehouse for tax purposes. The OBO furnishes to the CAO a copy of the building plan and certificate of occupancy every month to notify them of the new building construction. This may take less time if the company submits the above documents to the CAO, since it can obtain the new tax declaration within that day. The tax declaration of improvement is released the day after an appraiser inspects the property.

*This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Muntinlupa*Procedures to build a warehouse**Warehouse Value: USD 380,011 = PHP 19,500,000**Date as of: December 2007***Procedure 1. Obtain certified true copy (CTC) of the land title from the Registry of Deeds (RD)****Time:** 2 days**Cost:** PHP 30

Comments: The company must obtain a CTC of the land title as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain CTC of the tax declaration of real property from the City Assessor's Office (CAO)**Time:** 1 day**Cost:** PHP 20

Comments: The company must obtain a CTC of the tax declaration of real property so that it can identify the property by its index number.

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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.

Procedure 4*. Obtain Barangay clearance**Time:** 2 days**Cost:** PHP 100

Comments: This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.

Procedure 5. Request the locational clearance from the City Zoning Administration Office (CZAO)**Time:** 1 day**Cost:** PHP 6,600 (PHP 4 per square meter x 1.25 processing fee + PHP 100 filing fee)

Comments: This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required. The time to complete the construction may be shorter if the warehouse is to be built in an industrial area versus other areas. The cost is based on the Muntinlupa City Zoning Ordinance.

Procedure 6. Receive inspection for the locational clearance from the CZAO**Time:** 1 day**Cost:** No cost (fees included in procedure 5)**Procedure 7. Obtain the locational clearance from the CZAO****Time:** 3 days**Cost:** No cost

Comments: The company goes to the CZAO to obtain the locational clearance.

Procedure 8. Obtain fire safety evaluation and correction sheet on the building plans from the local fire marshal at the Bureau of Fire Protection (BFP)**Time:** 7 days**Cost:** PHP 19,500 (0.1% of the estimated value of the building)

Comments: This approval is required to confirm that the plans and specifications conform to all the fire safety and control requirements of the Fire Code of the Philippines. Upon presentation of the official receipts, the company submits all the documents and plans together with the endorsement letter from the Building Official to the local fire marshal to obtain approval from the latter with respect to fire safety and control requirements. As per National Building Code, the fire marshal shall give his/her recommendation within five working days from date of referral. Failure to act within said period shall mean that the plans and specifications conform to all the requirements of the Fire Code of the Philippines.

Procedure 9. Apply for the building permit at the Office of the Building Official (OBO)**Time:** 1 day**Cost:** PHP 500 (filing fee)

Comments: The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical specifications of the project approved to ensure they are compliant with the design codes, and safety laws and regulations. To obtain the building permit, the company gets the application forms and checklist from the Receiving Section at the OBO. The receiving personnel will check if all documents in the checklist are satisfied.

Procedure 10. Notarize the building permit at the notary**Time:** 1 day**Cost:** PHP 100**Procedure 11. 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 releases the order of payment for the company to pay at the City Treasurer's Office. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section for recording and issuance of the permit.

Procedure 12. Receive inspection from the BFP**Time:** 1 day**Cost:** No cost (fees included in procedure 8)

Comments: During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).

Procedure 13. Receive inspection from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 11)

Comments: During the construction of the warehouse, the OBO will conduct an inspection of the site at random, to determine whether the construction follows the approved building plans and design.

Procedure 14. Request the fire safety inspection certificate (FSIC) from the BFP

Time: 1 day

Cost: PHP 3,901 (10% of building permit fees)

Comments: After construction of the warehouse, the company requests the BFP for an inspection of the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition.

Procedure 15. Receive 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: 2 days

Cost: No cost

Comments: After inspection, the company obtains the certificate from the BFP.

Procedure 17. Request the certificate of occupancy from the OBO

Time: 1 day

Cost: PHP 13,006 (floor area x 10,000/1 million x PHP 1,000)

Comments: The company must secure first the occupancy certificate before applying for the certificate of electrical inspection. The time for inspection will be scheduled when the company visits the OBO to apply for the certificate. A building official inspects the site and certifies that the project as built conforms to the design, plans, and the actual cost of the project.

Procedure 18. Receive inspection for the certificate of occupancy from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 17)

Procedure 19. Obtain the certificate of occupancy from the OBO

Time: 8 days

Cost: No cost

Procedure 20. Request the certificate of electrical inspection (CEI) from the OBO

Time: 1 day

Cost: PHP 80

Comments: The company visits the Electrical Division of the OBO to request the certificate of electrical inspection and schedule for an inspection to certify that the as-built plans correspond to the actual completed construction works.

Procedure 21. Receive inspection for the CEI from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 20)

Procedure 22. Obtain the CEI from the OBO

Time: 1 day

Cost: No cost

Procedure 23. Request connection for electricity from Meralco

Time: 1 day

Cost: No cost

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. The cost of the transformers is PHP 106,850 per transformer (two needed). The service deposit is PHP 138,580. Both the transformer and service deposit are refundable after the first year through annual deductions to the electricity bill or through checks computed at 25% of the applicant's annual gross distribution revenue.

Procedure 24. Receive inspection for electricity from Meralco

Time: 1 day

Cost: No cost

Procedure 25. Obtain connection for electricity from Meralco

Time: 88 days

Cost: No cost

Procedure 26*. Request connection for water and sewage from Maynilad Water Services, Inc (Maynilad)

Time: 1 day

Cost: PHP 6,411 (installation fee paid during application)

Comments: The water company is Maynilad. The company visits Maynilad to request the connection and inspection time takes two weeks. Maynilad subcontracts the installation with a contractor and the time of actual installation depends on the contractor.

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: No cost

Procedure 29*. Obtain telephone connection from the telephone company

Time: 5 days

Cost: PHP 1,310 (installation fee and unit)

Comments: There are two telephone companies providing landline services in Muntinlupa. These are Philippine Long Distance Co. (PLDT) and Globelines. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 24 months for the regular phone line. For Globelines, there is no cost if the applicant provides proof of financial capability. Otherwise, the applicant has to pay PHP 1,310. There is a lock-in period of 12 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*. Secure the tax declaration of improvement at the CAO

Time: 1 day

Cost: No cost

Comments: The company must update the official records to include the newly built warehouse for tax purposes by submitting a copy of the building plan and certificate of occupancy to the CAO.

* This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Navotas

Procedures to build a warehouse

Warehouse Value: USD 380,011 = PHP 19,500,000

Date as of: December 2007

Procedure 1. Obtain certified true copy (CTC) of the land title from the Registry of Deeds (RD)

Time: 2 days

Cost: PHP 50

Comments: The company must obtain a CTC of the land title as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain CTC of the tax declaration of real property from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 80

Comments: The company must obtain a CTC of the tax declaration of real property so that it can identify the property by its index number.

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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.

Procedure 4*. Obtain Barangay clearance

Time: 2 days

Cost: PHP 200

Comments: This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.

Procedure 5. Request the locational clearance from the City Planning and Development Office (CPDO)

Time: 1 day

Cost: PHP 13,056 (PHP 10 per square meter + PHP 50 processing fee)

Comments: This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required. The time to complete the construction may be shorter if the warehouse is to be built in an industrial area versus other areas. The cost is based on the Comprehensive Land Use Plan of Navotas.

Procedure 6. Receive inspection for the locational clearance from the CPDO

Time: 1 day

Cost: No cost (fees included in procedure 5)

Comments: The CPDO conducts an inspection of the property before issuance of the locational clearance.

Procedure 7. Obtain the locational clearance from the CPDO

Time: 7 days

Cost: No cost

Comments: The company goes to the CPDO to obtain the locational clearance.

Procedure 8. Apply for the building permit at the Office of the Building Official (OBO)

Time: 1 day

Cost: No cost

Comments: The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical specifications of the project approved to ensure they are compliant with the design codes, and safety laws and regulations. To obtain the building permit, the company gets the application forms and checklist from the Receiving Section at the OBO. The receiving personnel will check if all documents in the checklist are satisfied.

Procedure 9. Request fire safety evaluation and correction sheet on the building plans and order of payment from the local fire marshal at the Bureau of Fire Protection (BFP)

Time: 7 days

Cost: PHP 19,500 (0.1% of the estimated value of the building)

Comments: This approval is required to confirm that the plans and specifications conform to all the fire safety and control requirements of the Fire Code of the Philippines. Upon presentation of the official receipts, the company submits all the documents and plans together with the endorsement letter from the Building Official to the local fire marshal to obtain approval from the latter with respect to fire safety and control requirements. As per National Building Code, the fire marshal shall

give his/her recommendation within five working days from date of referral. Failure to act within said period shall mean that the plans and specifications conform to all the requirements of the Fire Code of the Philippines. While the company is getting approval from the local fire marshal, processing of application, checking plans and specifications by the technical staff of the OBO is ongoing. In Navotas, the fire fees are computed at the BFP and payment is made at the City Treasurer's Office (CTO).

Procedure 10. Receive fire safety approval from the local fire marshal at the BFP

Time: 2 days

Cost: No cost

Procedure 11. 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 releases the 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 for recording and issuance of the permit.

Procedure 12. Receive inspection from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 9)

Comments: During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).

Procedure 13. Receive inspection from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 11)

Comments: During the construction of the warehouse, the OBO will conduct an inspection of the site at random, to determine whether the construction follows the approved building plans and design.

Procedure 14. Request 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: After construction of the warehouse, the company requests the BFP for an inspection of 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 FSIC fees are paid at the CTO.

Procedure 15. Receive inspection for 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

Comments: After inspection, the company obtains the certificate from the BFP.

Procedure 17. Request the certificate of occupancy and certificate of electrical inspection (CEI) from the OBO

Time: 1 day

Cost: PHP 19,000 (PHP 1,000 per million)

Comments: The application for the certificate of occupancy includes a form for the certificate of electrical inspection. The certificates are prerequisites for the electricity connection and are released after a team of inspectors (architectural, structural, electrical, mechanical, and sanitary) inspects the site and certifies that the warehouse as built conforms to the design, plans, and cost of the project.

Procedure 18. Receive inspection for the certificate of occupancy and CEI from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 17)

Procedure 19. Obtain the certificate of occupancy and CEI from the OBO

Time: 13 days

Cost: No cost

Procedure 20. Request connection for electricity from Meralco

Time: 1 day

Cost: No cost

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. The cost of the transformers is PHP 106,850 per transformer (two needed). The service deposit is PHP 138,580. Both the transformer and service deposit are refundable after the first year through annual deductions to the electricity bill or through checks computed at 25% of the applicant's annual gross distribution revenue.

Procedure 21. Receive inspection for electricity from Meralco

Time: 1 day

Cost: No cost

Procedure 22. Obtain connection for electricity from Meralco

Time: 88 days

Cost: No cost

Procedure 23*. Request connection for water and sewage from Maynilad Water Services, Inc (Maynilad)

Time: 1 day

Cost: PHP 6,411 (installation fee paid during application)

Comments: The water company is Maynilad. The company visits Maynilad to request the connection and inspection time takes two weeks. Maynilad subcontracts the installation with a contractor and the time of actual installation depends on the contractor.

Procedure 24*. Receive inspection for water and sewage connection from Maynilad

Time: 1 day

Cost: No cost

Procedure 25*. Obtain water and sewage connection from Maynilad

Time: 30 days

Cost: No cost

Procedure 26*. Obtain telephone connection from the telephone company

Time: 5 days

Cost: PHP 1,310 (installation fee and unit)

Comments: There are two telephone companies providing landline services in Navotas. These are Philippine Long Distance Co. (PLDT) and Globelines. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 24 months for the regular phone line. For Globelines, there is no cost if the applicant provides proof of financial capability. Otherwise, the applicant has to pay PHP 1,310. There is a lock-in period of 12 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 27*. Secure the tax declaration of improvement at the CAO

Time: 2 days

Cost: No cost

Comments: The company must update the official records to include the newly built warehouse for tax purposes. The OBO furnishes to the CAO a copy of the building plan and certificate of occupancy every month to notify them of the new building construction. This may take less time if the company submits the above documents to the CAO, since it can obtain the new tax declaration within that day. The tax declaration of improvement is released after an appraiser inspects the property on the same or the following day.

* This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Parañaque

Procedures to build a warehouse

Warehouse Value: USD 380,011 = PHP 19,500,000

Date as of: December 2007

Procedure 1. Obtain certified true copy (CTC) of the land title from the Registry of Deeds (RD)

Time: 1 day

Cost: PHP 30

Comments: The company must obtain a CTC of the land title as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain CTC of the tax declaration of real property from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 60

Comments: The company must obtain a CTC of the tax declaration of real property so that it can identify the property by its index number.

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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.

Procedure 4*. Obtain Barangay clearance

Time: 2 days

Cost: PHP 350

Comments: This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.

Procedure 5. Request locational clearance from the City Planning and Development Office (CPDO)

Time: 1 day

Cost: PHP 6,646 (PHP 4 per square meter for land use fee + 25% of land use fee + PHP 146 filing fee)

Comments: This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required. The time to complete the construction may be shorter if the warehouse is to be built in an industrial area versus other areas. Upon receipt of the application by the CPDO and after conducting necessary inspections, the form will be submitted to the Mayor's Office for approval. The company may follow-up the application in the Mayor's Office to release the clearance in order to expedite the procedure or just wait until it is sent back to the Planning Office for signature of the Local Zoning Officer, which takes longer. The cost is based on the Parañaque City Zoning Ordinance.

Procedure 6. Receive inspection for the locational clearance from the CPDO

Time: 1 day

Cost: No cost (fees included in procedure 5)

Comments: This inspection takes place to verify whether the actual location of the proposed structure is conforming to land use and classification. The company can not start construction or even apply for building permit without securing first the locational clearance.

Procedure 7. Obtain mayor's clearance at the City Mayor's Office (CMO)

Time: 1 day

Cost: No cost

Comments: The applicant must secure mayor's clearance (mayor's signature to confirm that the land where the project will be carried out is conforming to its use) before the locational clearance or the building permit can be processed.

Procedure 8. Obtain the locational clearance from the CPDO**Time:** 4 days**Cost:** No cost

Comments: The company applies for the locational clearance at the CPDO, picks it up from the Mayor's Office a few days later (and after the inspection takes place), then sends it back to CPDO for the Zoning Officer's signature.

Procedure 9. Apply for the building permit at the Office of the Building Official (OBO)**Time:** 1 day**Cost:** PHP 500 (filing fee)

Comments: The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical specifications of the project approved to ensure they are compliant with the design codes, and safety laws and regulations. To obtain the building permit, the company gets the application forms and checklist from the Receiving Section at the OBO. The receiving personnel will check if all documents in the checklist are satisfied. While in other cities the company would go to the BFP to request for the local Fire Marshall's recommendations with respect to fire safety and control requirements (done while the application for building permit is being processed), in Parañaque, the OBO has a Liaison Officer who would go the BFP on behalf of the company to get the recommendation.

Procedure 10. Notarize building permit at the notary**Time:** 1 day**Cost:** PHP 100**Procedure 11. Get evaluation and approval of 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 and approval of the civil/structural plans from the OBO**Time:** 1 day**Cost:** No cost (fees included in procedure 16)**Procedure 13. Get evaluation and approval of the line and grade plans from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 16)**Procedure 14. Get evaluation and approval of the sanitary and plumbing plans from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 16)**Procedure 15. Get evaluation and approval of 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 48,768 (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 half of the fire fund PHP 9,750 (PHP 19,500.00 fire fund or cost of fire safety approval).

Comments: The staff of the OBO will prepare the order of payment and forward it to the Building Official for approval and signature. Upon receipt of the plans approved by the local fire marshal, the order of payment will be released for the applicant to pay at the City Treasurer's Office. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section for recording and issuance of the permit.

Procedure 17. Receive inspection from the Bureau of Fire Protection (BFP)**Time:** 1 day**Cost:** No cost (fees included in procedure 16)

Comments: During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).

Procedure 18. Request the fire safety inspection certificate (FSIC) from the BFP**Time:** 1 day**Cost:** PHP 3,045 (10% of fees paid in the occupancy certificate)

Comments: After construction of the warehouse, the company requests the BFP for an inspection of the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition. In Parañaque: Fire fund fee is the basic fire fee that goes to the BFP. Most cities collect the whole fire fund fee during the application for building permit (included in the building permit fees). The city of Parañaque collects only the half during the building permit processing and the other half during occupancy. Fire fund fee is computed at 0.1% of construction cost as stated in the Fire Code. They also calculate the fire cost based on the occupancy fee and not the building permit fees.

Procedure 19. Receive 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

Comments: After inspection, the company obtains the certificate from the BFP.

Procedure 21. Request the certificate of occupancy and certificate of electrical inspection (CEI) from the OBO**Time:** 1 day**Cost:** PHP 30,450 (PHP 200 inspection fee + PHP 1,000 per million of the project + PHP 500 filing fee + PHP 9,750 half of fire fund)

Comments: The application for the certificate of occupancy includes a form for the certificate of electrical inspection. The certificates are prerequisites for the electricity connection and are released after a team of inspectors (architectural, structural, electrical, mechanical, and sanitary) inspects the site and certifies that the warehouse as built conforms to the design, plans, and cost of the project. The company has to submit to the OBO the fire safety inspection certificate and official receipt of the building permit.

Procedure 22. Receive inspection for the certificate of occupancy and CEI from the OBO**Time:** 1 day**Cost:** No cost (fees included in procedure 21)**Procedure 23. Obtain the certificate of occupancy and CEI from the OBO****Time:** 5 days**Cost:** PHP 750**Procedure 24. Request connection for electricity from Meralco****Time:** 1 day**Cost:** No cost

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. The cost of the transformers is PHP 106,850 per transformer (two needed). The service deposit is PHP 138,580. Both the transformer and service deposit are refundable after the first year through annual deductions to the electricity bill or through checks computed at 25% of the applicant's annual gross distribution revenue.

Procedure 25. Receive inspection for electricity from Meralco**Time:** 1 day**Cost:** No cost

Procedure 26. Obtain connection for electricity from Meralco**Time:** 88 days**Cost:** No cost**Procedure 27*. Request connection for water and sewage from Maynilad Water Services, Inc (Maynilad)****Time:** 1 day**Cost:** PHP 6,411 (installation fee paid during application)**Comments:** The water company is Maynilad. The company visits Maynilad to request the connection and inspection time takes two weeks. 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:** No cost**Procedure 30*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** PHP 1,310 (installation fee and unit)**Comments:** There are two telephone companies providing landline services in Parañaque. These are Philippine Long Distance Co. (PLDT) and Globelines. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 24 months for the regular phone line. For Globelines, there is no cost if the applicant provides proof of financial capability. Otherwise, the applicant has to pay PHP 1,310. There is a lock-in period of 12 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*. Secure the tax declaration of improvement at the CAO****Time:** 9 days**Cost:** No cost**Comments:** The company must update the official records to include the newly built warehouse for tax purposes. The OBO furnishes to the CAO a copy of the building plan and certificate of occupancy every month to notify them of the new building construction. The company submits the certificate of occupancy, building permit, plans, and tax declaration of the land in order to process the application. The tax declaration of improvement is released after an appraiser inspects the property within seven working days.

*This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Pasay*Procedures to build a warehouse**Warehouse Value: USD 380,011 = PHP 19,500,000**Date as of: December 2007***Procedure 1. Obtain certified true copy (CTC) of the land title from the Registry of Deeds (RD)****Time:** 1 day**Cost:** PHP 30**Comments:** The company must obtain a CTC of the land title as proof of ownership of the land on which the warehouse is to be built.**Procedure 2*. Obtain CTC of the tax declaration of real property and tax clearance from the City Assessor's Office (CAO)****Time:** 1 day**Cost:** PHP 150 (PHP 80 + PHP 20 documentary stamp for CTC + PHP 50 for tax clearance)**Comments:** The company must obtain a CTC of the tax declaration of real property so that it can identify the property by its index number and a tax clearance as a proof that there are no arrears in 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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.**Procedure 4*. Obtain Barangay clearance****Time:** 2 days**Cost:** PHP 100**Comments:** This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.**Procedure 5. Request the locational clearance from the City Planning and Development Office (CPDO)****Time:** 1 day**Cost:** PHP 8,625 (PHP 5 per square meter (land use fee) + 25% land use fee + PHP 300 inspection fee + PHP 200 application fee)**Comments:** This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required. The time to complete the construction may be shorter if the warehouse is to be built in an industrial area versus other areas. According to the City Planning Office, commercial projects such as warehouse with floor areas more than 1,000 square meters are required to apply for environmental compliance certificate (ECC) prior to issuance of location clearance. Before the locational clearance is processed, the Planning Office requires a copy of the application for ECC received by the Laguna Lake Development Authority (LLDA).**Procedure 6. Receive inspection for the locational clearance from the CPDO****Time:** 1 day**Cost:** No cost (fees included in procedure 5)**Comments:** The CPDO conducts an inspection of the property before issuance of the locational clearance.**Procedure 7. Obtain the locational clearance from the CPDO****Time:** 12 days**Cost:** No cost**Comments:** The company goes to the CPDO to obtain the locational clearance.**Procedure 8. Obtain the environmental clearance from the Laguna Lake Development Authority (LLDA)****Time:** 1 day**Cost:** PHP 600**Comments:** An ECC is required to a proposed project if it will pose environmental effects. If not, the company should get a clearance from the LLDA as required by the CPDO. This is the certificate of non-coverage (CNC) that certifies the project as exempted from obtaining ECC. Not all cities require companies to secure CNC because according to the DENR/LLDA, it is upon the discretion of cities if they want verification from them that the project is indeed exempted from ECC application. In Pasay, they require it for projects with floor area more than 1,000 square meters.**Procedure 9. Apply for the building permit at the Office of the Building Official (OBO)****Time:** 1 day**Cost:** No cost**Comments:** The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical specifications of the project approved to ensure they are compliant with the design codes, and safety laws and regulations. To obtain the building permit, the company gets the application forms and checklist from the Receiving Section at the OBO. The receiving personnel will check if all documents in the checklist are satisfied.

Procedure 10. Obtain fire safety evaluation and correction sheet on the building plans from the local fire marshal at the Bureau of Fire Protection (BFP)

Time: 7 days

Cost: PHP 19,500 (0.1% of the estimated value of the building)

Comments: This approval is required to confirm that the plans and specifications conform to all the fire safety and control requirements of the Fire Code of the Philippines. Upon presentation of the official receipts, the company submits all the documents and plans together with the endorsement letter from the Building Official to the local fire marshal to obtain approval from the latter with respect to fire safety and control requirements. As per National Building Code, the fire marshal shall give his/her recommendation within five working days from date of referral. Failure to act within said period shall mean that the plans and specifications conform to all the requirements of the Fire Code of the Philippines. While the company is getting approval from the local fire marshal, processing of application, checking plans and specifications by the technical staff of the OBO is ongoing.

Procedure 11. 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 releases the order of payment for the company to pay at the City Treasurer's Office. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section for recording and issuance of the permit.

Procedure 12. Receive inspection from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 10)

Comments: During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).

Procedure 13. Receive inspection from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 11)

Comments: During the construction of the warehouse, the OBO will conduct an inspection of the site at random, to determine whether the construction follows the approved building plans and design.

Procedure 14. Request the fire safety inspection certificate (FSIC) from the BFP

Time: 1 day

Cost: PHP 3,901 (10% of building permit fees)

Comments: After construction of the warehouse, the company requests the BFP for an inspection of the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition.

Procedure 15. Receive 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: 13 days

Cost: No cost

Comments: After inspection, the company obtains the certificate from the BFP.

Procedure 17. Request the certificate of occupancy and certificate of electrical inspection (CEI) from the OBO

Time: 1 day

Cost: PHP 20,000 (PHP 1,000 per million of the project value)

Comments: The application for the certificate of occupancy includes a form for the certificate of electrical inspection. The certificates are prerequisites for the electricity connection and are released after a team of inspectors (architectural, structural, electrical, mechanical, and sanitary) inspects the site and certifies that the warehouse as built conforms to the design, plans, and cost of the project.

Procedure 18. Receive inspection for the certificate of occupancy and CEI from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 17)

Procedure 19. Obtain the certificate of occupancy and CEI from the OBO

Time: 13 days

Cost: PHP 1,250

Procedure 20. Request connection for electricity from Meralco

Time: 1 day

Cost: No cost

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. The cost of the transformers is PHP 106,850 per transformer (two needed). The service deposit is PHP 138,580. Both the transformer and service deposit are refundable after the first year through annual deductions to the electricity bill or through checks computed at 25% of the applicant's annual gross distribution revenue.

Procedure 21. Receive inspection for electricity from Meralco

Time: 1 day

Cost: No cost

Procedure 22. Obtain connection for electricity from Meralco

Time: 88 days

Cost: No cost

Procedure 23*. Request connection for water and sewage from Maynilad Water Services, Inc (Maynilad)

Time: 1 day

Cost: PHP 6,411 (installation fee paid during application)

Comments: The water company is Maynilad. The company visits Maynilad to request the connection and inspection time takes two weeks. Maynilad subcontracts the installation with a contractor and the time of actual installation depends on the contractor.

Procedure 24*. Receive inspection for water and sewage connection from Maynilad

Time: 1 day

Cost: No cost

Procedure 25*. Obtain water and sewage connection from Maynilad

Time: 30 days

Cost: No cost

Procedure 26*. Obtain telephone connection from the telephone company

Time: 5 days

Cost: PHP 1,310 (installation fee and unit)

Comments: There are two telephone companies providing landline services in Pasay. These are Philippine Long Distance Co. (PLDT) and Globelines. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 24 months for the regular phone line. For Globelines, there is no cost if the applicant provides proof of financial capability. Otherwise, the applicant has to pay PHP 1,310. There is a lock-in period of 12 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 27*. Secure the tax declaration of improvement at the CAO

Time: 2 days

Cost: No cost

Comments: The company must update the official records to include the newly built warehouse for tax purposes. The OBO furnishes to the CAO a copy of the building plan and certificate of occupancy every month to notify them of the new building construction. This may take less time if the company submits the above

documents to the CAO, since it can obtain the new tax declaration within that day. The tax declaration of improvement is released after an appraiser inspects the property on the same or the following day.

* This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Pasig

Procedures to build a warehouse

Warehouse Value: USD 380,011 = PHP 19,500,000

Date as of: December 2007

Procedure 1. Obtain certified true copy (CTC) of the land title from the Registry of Deeds (RD)

Time: 3 days

Cost: PHP 30

Comments: The company must obtain a CTC of the land title as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain CTC of the tax declaration of real property from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 50

Comments: The company must obtain a CTC of the tax declaration of real property so that it can identify the property by its index number.

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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.

Procedure 4*. Obtain Barangay clearance

Time: 2 days

Cost: PHP 225

Comments: This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.

Procedure 5. Request the locational clearance from the City Planning and Development Office (CPDO)

Time: 1 day

Cost: PHP 2,600 (PHP 2 per square meter)

Comments: This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required. The time to complete the construction may be shorter if the warehouse is to be built in an industrial area versus other areas.

Procedure 6. Receive inspection for the locational clearance from the CPDO

Time: 1 day

Cost: No cost (fees included in procedure 5)

Comments: The CPDO conducts an inspection of the property before issuance of the locational clearance.

Procedure 7. Obtain the locational clearance from the CPDO

Time: 13 days

Cost: No cost

Comments: The company goes to the CPDO to obtain the locational clearance.

Procedure 8. 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 should have secured first the Environmental Clearance from the City Environment and Natural Resources Office (CENRO).

Procedure 9*. Notarize the environmental clearance at the City ENRO

Time: 1 day

Cost: PHP 100

Procedure 10. Apply for the building permit at the Office of the Building Official (OBO)

Time: 1 day

Cost: No cost

Comments: The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical specifications of the project approved to ensure they are compliant with the design codes, and safety laws and regulations. To obtain the building permit, the company gets the application forms and checklist from the Receiving Section at the OBO. The receiving personnel will check if all documents in the checklist are satisfied. While in other cities the company would go to the BFP to request for the local Fire Marshall's recommendations with respect to fire safety and control requirements (done while the application for building permit is being processed), in Pasig, the OBO has a Liaison Officer who would go the BFP on behalf of the company to get the recommendation.

Procedure 11. Notarize the building permit at the notary

Time: 1 day

Cost: PHP 150

Procedure 12. Obtain the building permit from the OBO

Time: 26 days

Cost: PHP 52,518 (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 27.5 per square meter to account for ancillary costs such as mechanical and plumbing fees plus PHP 19,500 for the cost of fire safety approval. The electrical fees are paid separately at the Electrical Section)

Comments: The cost of the building permit does not include the fees for the electrical permit since the Electrical Section is a separate office from that of the OBO. After the building permit application is approved, the Building Official releases the 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 for recording and issuance of the permit.

Procedure 13. Receive an inspection from the Bureau of Fire Protection (BFP)

Time: 1 day

Cost: No cost (fees included in procedure 12)

Comments: During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).

Procedure 14. Receive inspection from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 12)

Comments: During the construction of the warehouse, the OBO will conduct an inspection of the site at random, to determine whether the construction follows the approved building plans and design.

Procedure 15. Apply for the electrical permit and receive order of payment at the Electrical Section

Time: 1 day

Cost: PHP 3,000

Comments: Application, processing, and release of the electrical permit, temporary utility permit, and certificate of electrical inspection are done in the Electrical Section. The company after obtaining the building permit can apply for the electrical permit at the Electrical Section. The Head of the Electrical Section will then release the order of payment for the company to pay at the CTO.

Procedure 16. Obtain the electrical permit at the Electrical Section**Time:** 2 days**Cost:** No cost (fees included in procedure 15)**Procedure 17. Request 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:** After construction of the warehouse, the company requests the BFP for an inspection of 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 FSIC fees are paid at the CTO.**Procedure 18. Receive 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**Comments:** After inspection, the company obtains the certificate from the BFP.**Procedure 20. Request the certificate of occupancy from the OBO****Time:** 1 day**Cost:** PHP 20,500 (PHP 1,000 for every 1 million of the project cost + PHP 500 inspection fee)**Comments:** The company must secure first the occupancy certificate before applying for the certificate of electrical inspection. The time for inspection will be scheduled when the company visits the OBO to apply for the certificate. A Building Official inspects the site and certifies that the project as built conforms to the design, plans, and the actual cost of the project.**Procedure 21. Receive inspection for the certificate of occupancy from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 20)**Procedure 22. Obtain the certificate of occupancy from the OBO****Time:** 17 days**Cost:** No cost**Procedure 23. Request the certificate of electrical inspection (CEI) from the Electrical Section****Time:** 1 day**Cost:** PHP 1,000**Comments:** The company visits the Electrical Section to request the certificate of electrical inspection and schedule for an inspection to certify that the as-built plans correspond to the actual completed construction works.**Procedure 24. Receive inspection for the CEI from the Electrical Section****Time:** 1 day**Cost:** No cost (fees included in procedure 23)**Procedure 25. Obtain the CEI from the Electrical Section****Time:** 1 day**Cost:** No cost**Procedure 26. Request connection for electricity from Meralco****Time:** 1 day**Cost:** No cost**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. The cost of the transformers is PHP 106,850 per transformer (two needed). The service deposit is PHP 138,580. Both the transformer and service deposit are refund-

able after the first year through annual deductions to the electricity bill or through checks computed at 25% of the applicant's annual gross distribution revenue.

Procedure 27. Receive inspection for electricity from Meralco**Time:** 1 day**Cost:** No cost**Procedure 28. Obtain connection for electricity from Meralco****Time:** 88 days**Cost:** No cost**Procedure 29*. Request connection for water and sewage from Manila Water Company, Inc (Manila Water)****Time:** 1 day**Cost:** PHP 6,635 (installation fee paid during application)**Comments:** The water company is Manila Water. The company visits Manila Water to request the connection and inspection time takes two weeks. Connection is effected some days after the inspection.**Procedure 30*. Receive inspection for water and sewage connection from Manila Water****Time:** 1 day**Cost:** No cost**Procedure 31*. Obtain water and sewage connection from Manila Water****Time:** 21 days**Cost:** No cost**Procedure 32*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** PHP 999 (installation fee and unit)**Comments:** There are three telephone companies providing landline services for Pasig. The cost is PHP 1,500 for Philippine Long Distance Co. (PLDT), PHP 1,310 for Globelines, and PHP 999 for Bayantel. There is a lock-in period of 24, 12 and 12 months respectively for the regular phone line. The case study assumes that the company will request services from Bayantel as this is the option favorable to the company.**Procedure 33*. Secure the tax declaration of improvement at the CAO****Time:** 9 days**Cost:** No cost**Comments:** The company must update the official records to include the newly built warehouse for tax purposes. The OBO furnishes CAO a copy of certificate of occupancy. In practice, the company submits the certificate of occupancy, building permit, plans, and tax declaration of the land in order to process the application. The tax declaration of improvement is released after an appraiser inspects the property within seven working days.

* This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Quezon City*Procedures to build a warehouse**Warehouse Value: USD 380,011 = PHP 19,500,000**Date as of: December 2007***Procedure 1. Obtain certified true copy (CTC) of the land title from the Registry of Deeds (RD)****Time:** 3 days**Cost:** PHP 30**Comments:** The company must obtain a CTC of the land title 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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.

Procedure 3*. Obtain Barangay clearance

Time: 2 days

Cost: PHP 300

Comments: This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.

Procedure 4. Request the locational clearance from the City Planning and Development Office (CPDO)

Time: 1 day

Cost: PHP 2,195 (PHP 1.5 per square meter + PHP 200 verification fee + PHP 45 filing fee)

Comments: This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required. The time to complete the construction may be shorter if the warehouse is to be built in an industrial area versus other areas. The cost is based on Quezon City Revenue Code of 1993 as amended in 2002.

Procedure 5. Receive inspection for the locational clearance from the CPDO

Time: 1 day

Cost: No cost (fees included in procedure 4)

Comments: The CPDO conducts an inspection of the property before issuance of the locational clearance.

Procedure 6. Obtain the locational clearance from the CPDO

Time: 3 days

Cost: No cost

Comments: The company goes to the CPDO to obtain the locational clearance.

Procedure 7. Apply for the building permit at the Office of the Building Official (OBO)

Time: 1 day

Cost: No cost

Comments: The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical specifications of the project approved to ensure they are compliant with the design codes, and safety laws and regulations. To obtain the building permit, the company gets the application forms and checklist from the Receiving Section at the OBO. The receiving personnel will check if all documents in the checklist are satisfied.

Procedure 8. Obtain fire safety evaluation and correction sheet on the building plans from the local fire marshal at the Bureau of Fire Protection (BFP)

Time: 7 days

Cost: PHP 19,500 (0.1% of the estimated value of the building)

Comments: This approval is required to confirm that the plans and specifications conform to all the fire safety and control requirements of the Fire Code of the Philippines. Upon presentation of the official receipts, the company submits all the documents and plans together with the endorsement letter from the Building Official to the local fire marshal to obtain approval from the latter with respect to fire safety and control requirements. As per National Building Code, the fire marshal shall give his/her recommendation within five working days from date of referral. Failure to act within said period shall mean that the plans and specifications conform to all the requirements of the Fire Code of the Philippines. While the company is getting approval from the local fire marshal, processing of application, checking plans and specifications by the technical staff of the OBO is ongoing.

Procedure 9. 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 evaluating the plans, the Building Official will review/approve the assessment of corresponding fees and endorse it to the City Mayor for review and approval (this will take 3 days). The fees are paid at the City Treasurer's Office. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section for recording and issuance of the permit.

Procedure 10. Receive inspection from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 8)

Comments: During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).

Procedure 11. Receive inspection from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 9)

Comments: During the construction of the warehouse, the OBO will conduct an inspection of the site at random, to determine whether the construction follows the approved building plans and design.

Procedure 12. Request the fire safety inspection certificate (FSIC) from the BFP

Time: 1 day

Cost: PHP 3,901 (10% of building permit fees)

Comments: After construction of the warehouse, the company requests the BFP for an inspection of the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition.

Procedure 13. Receive 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: 8 days

Cost: No cost

Comments: After inspection, the company obtains the certificate from the BFP.

Procedure 15. Request the certificate of electrical inspection (CEI) from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 9)

Comments: The company visits the Electrical Division to request the certificate of electrical inspection and schedule for an inspection to certify that the as-built plans correspond to the actual completed construction works.

Procedure 16. Receive inspection for the CEI from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 9)

Procedure 17. Obtain the CEI from the OBO

Time: 1 day

Cost: No cost

Procedure 18. Request the occupancy certificate from the OBO

Time: 1 day

Cost: PHP 16,000

Comments: The OBO inspects the site and certifies that the project as built conforms to the design, plans, and the actual cost of the project. The certificate of electrical inspection and the fire safety inspection certificate are required prior to application for the certificate of occupancy. The cost is based on the Amended Quezon City Revenue Code of 1993.

Procedure 19. Receive inspection for the occupancy certificate from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 18)

Procedure 20. Obtain occupancy certificate from the OBO**Time:** 6 days**Cost:** No cost**Procedure 21. Request connection for electricity from Meralco****Time:** 1 day**Cost:** No cost

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. The cost of the transformers is PHP 106,850 per transformer (two needed). The service deposit is PHP 138,580. Both the transformer and service deposit are refundable after the first year through annual deductions to the electricity bill or through checks computed at 25% of the applicant's annual gross distribution revenue.

Procedure 22. Receive inspection for electricity from Meralco**Time:** 1 day**Cost:** No cost**Procedure 23. Obtain connection for electricity from Meralco****Time:** 88 days**Cost:** No cost**Procedure 24*. Request connection for water and sewage from Maynilad Water Services, Inc (Maynilad) or Manila Water Company, Inc (Manila Water)****Time:** 1 day**Cost:** PHP 6,411 (installation fee paid during application)

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 6,411 for Maynilad or PHP 6,635 for Manila Water. Inspection time takes two weeks and the connection is effected some days after the inspection. The case study assumes that the company will request water from Maynilad as this is the option favorable to the company.

Procedure 25*. Receive inspection for water and sewage connection from Maynilad or Manila Water**Time:** 1 day**Cost:** No cost**Procedure 26*. Obtain water and sewage connection from Maynilad or Manila Water****Time:** 30 days**Cost:** No cost**Procedure 27*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** PHP 999 (installation fee and unit)

Comments: There are three telephone companies providing landline services for Quezon City. The cost is PHP 1,500 for Philippine Long Distance Co. (PLDT), PHP 1,310 for Globelines, and PHP 999 for Bayantel. There is a lock-in period of 24, 12 and 12 months respectively for the regular phone line. The case study assumes that the company will request services from Bayantel as this is the option favorable to the company.

Procedure 28*. Secure the tax declaration of improvement at the City Assessor's Office (CAO)**Time:** 9 days**Cost:** No cost

Comments: The company must update the official records to include the newly built warehouse for tax purposes. The OBO furnishes to the CAO a copy of the building plan to notify them of the new building construction. The company will submit the certificate of occupancy and copy of land title to process the application. The tax declaration of improvement is released after an appraiser inspects the property within seven working days.

* This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

San Juan*Procedures to build a warehouse**Warehouse Value: USD 380,011 = PHP 19,500,000**Date as of: December 2007***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.

Procedure 2. Obtain certified true copy (CTC) of the land title from the Registry of Deeds (RD)**Time:** 3 days**Cost:** PHP 30

Comments: The company must obtain a CTC of the land title as proof of ownership of the land on which the warehouse is to be built.

Procedure 3*. Obtain CTC of the tax declaration of real property from the City Assessor's Office (CAO)**Time:** 1 day**Cost:** PHP 40

Comments: The company must obtain a CTC of the tax declaration of real property so that it can identify the property by its index number.

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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.

Procedure 5*. Obtain Barangay clearance**Time:** 2 days**Cost:** PHP 100

Comments: This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.

Procedure 6. Request locational clearance from the City Planning and Development Office (CPDO)**Time:** 1 day**Cost:** PHP 16,550 (PHP 10 per square meter (land use fee) + 25% of land use fee + PHP 100 inspection fee + PHP 200 certificate fee)

Comments: This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required. The time to complete the construction may be shorter if the warehouse is to be built in an industrial area versus other areas. The cost is based on the San Juan Zoning Ordinance.

Procedure 7. Notarize locational clearance 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 6)

Comments: The CPDO conducts an inspection of the property before issuance of the locational clearance.

Procedure 9. Obtain locational clearance from the CPDO**Time:** 1 day

Cost: No cost

Comments: The company goes to the CPDO to obtain the locational clearance.

Procedure 10. Apply for the building permit at the Office of the Building Official (OBO)

Time: 1 day

Cost: No cost

Comments: The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical specifications of the project approved to ensure they are compliant with the design codes, and safety laws and regulations. To obtain the building permit, the company gets the application forms and checklist from the Receiving Section at the OBO. The receiving personnel will check if all documents in the checklist are satisfied.

Procedure 11. Obtain fire safety evaluation and correction sheet on the building plans from the local fire marshal at the Bureau of Fire Protection (BFP)

Time: 7 days

Cost: PHP 19,500 (0.1% of the estimated value of the building)

Comments: This approval is required to confirm that the plans and specifications conform to all the fire safety and control requirements of the Fire Code of the Philippines. Upon presentation of the official receipts, the company submits all the documents and plans together with the endorsement letter from the Building Official to the local fire marshal to obtain approval from the latter with respect to fire safety and control requirements. As per National Building Code, the fire marshal shall give his/her recommendation within five working days from date of referral. Failure to act within said period shall mean that the plans and specifications conform to all the requirements of the Fire Code of the Philippines. While the company is getting approval from the local fire marshal, processing of application, checking plans and specifications by the technical staff of the OBO is ongoing.

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 evaluating the plans, the Building Official will review/approve the assessment of corresponding fees and endorse it to the City Mayor for review and approval (this will take three days). The fees are paid at the City Treasurer's Office. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section for recording and issuance of the permit.

Procedure 13. Receive inspection from the BFP

Time: 1 day

Cost: No cost (fees included in procedure 11)

Comments: During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).

Procedure 14. Receive inspection from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 12)

Comments: During the construction of the warehouse, the OBO will conduct an inspection of the site at random, to determine whether the construction follows the approved building plans and design.

Procedure 15. Request the certificate of occupancy from the OBO

Time: 1 day

Cost: PHP 10,000

Comments: The company must secure first the occupancy certificate before applying for the certificate of electrical inspection. The time for inspection will be scheduled when the company visits the OBO to apply for the certificate. A Building Official inspects the site and certifies that the project as built conforms to the design, plans, and the actual cost of the project.

Procedure 16. Request the fire safety inspection certificate (FSIC) from the BFP

Time: 1 day

Cost: PHP 3,901 (10% of building permit fees)

Comments: After construction of the warehouse, the company requests the BFP for an inspection of the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition.

Procedure 17. Receive 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

Comments: After inspection, the company obtains the certificate from the BFP.

Procedure 19*. Receive inspection for the certificate of occupancy from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 15)

Procedure 20. Obtain the certificate of occupancy from the OBO

Time: 4 days

Cost: No cost

Procedure 21. Request the certificate of electrical inspection (CEI) from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 12)

Comments: The company visits the Electrical Division to request the certificate of electrical inspection and schedule for an inspection to certify that the as-built plans correspond to the actual completed construction works.

Procedure 22. Receive inspection for the CEI from the OBO

Time: 1 day

Cost: No cost

Procedure 23. Obtain the CEI from the OBO

Time: 1 day

Cost: No cost

Procedure 24. Request connection for electricity from Meralco

Time: 1 day

Cost: No cost

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. The cost of the transformers is PHP 106,850 per transformer (two needed). The service deposit is PHP 138,580. Both the transformer and service deposit are refundable after the first year through annual deductions to the electricity bill or through checks computed at 25% of the applicant's annual gross distribution revenue.

Procedure 25. Receive inspection for electricity from Meralco

Time: 1 day

Cost: No cost

Procedure 26. Obtain connection for electricity from Meralco

Time: 88 days

Cost: No cost

Procedure 27*. Request connection for water and sewage from Manila Water Company, Inc (Manila Water)

Time: 1 day

Cost: PHP 6,635 (installation fee paid during application)

Comments: The water company is Manila Water. The company visits Manila Water to request the connection and inspection time takes two weeks. 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:** No cost**Procedure 30*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** PHP 1,310 (installation fee and unit)

Comments: There are two telephone companies providing landline services in San Juan. These are Philippine Long Distance Co. (PLDT) and Globelines. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 24 months for the regular phone line. For Globelines, there is no cost if the applicant provides proof of financial capability. Otherwise, the applicant has to pay PHP 1,310. There is a lock-in period of 12 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*. Secure the tax declaration of improvement at the CAO**Time:** 1 day**Cost:** PHP 100 (processing fee)

Comments: The company must update the official records to include the newly built warehouse for tax purposes. The OBO furnishes to the CAO a copy of the building plan and certificate of occupancy every month to notify them of the new building construction. This may take less time if the company submits the above documents to the CAO, since it can obtain the new tax declaration within that day. The tax declaration of improvement is released after an appraiser inspects the property on the same day.

* This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Taguig*Procedures to build a warehouse**Warehouse Value: USD 380,011 = PHP 19,500,000**Date as of: December 2007***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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.

Procedure 2*. Obtain Barangay clearance**Time:** 2 days**Cost:** PHP 500

Comments: This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.

Procedure 3. Request the locational clearance and apply for the building permit at the Office of the Building Official (OBO)**Time:** 1 day**Cost:** PHP 6,553 (PHP 5 per square meter + PHP 50 filing fee)

Comments: Application forms and checklist are available from the Customer Service Counter of the Local Building Official. After completing all required documents, the company/owner/contractor goes to the receiving section window to file the application. The locational clearance is issued by the OBO wherein a barangay clearance is required. The applicant files the application at the Customer Service Counter of the OBO. The Building Official, after review, will endorse the application to the

City Mayor for final approval. The applicant will be advised through a phone call by the Customer Service if the locational clearance is ready for pick up. Application for building permit can be done simultaneously with the application for locational clearance. The number of days to complete the locational clearance is longer than that of the building permit. Since locational clearance is a prerequisite in getting building permit, the whole process might take long. The Office of the Building Official upon receipt of the two applications will conduct cursory review to assess if it will pass or fail. The Customer Service Representatives normally phone call applicants if permits/clearances are ready for release.

Procedure 4. Receive inspection for the locational clearance from the City Planning and Development Office (CPDO)**Time:** 1 day**Cost:** No cost (fees included in procedure 3)

Comments: The CPDO conducts an inspection of the property before issuance of the locational clearance.

Procedure 5. Obtain the locational clearance from the OBO**Time:** 1 day**Cost:** No cost

Comments: The company goes to the OBO to obtain the locational clearance.

Procedure 6. Obtain fire safety evaluation and correction sheet on the building plans from the local fire marshal at the Bureau of Fire Protection (BFP)**Time:** 7 days**Cost:** PHP 19,500 (0.1% of the estimated value of the building)

Comments: This approval is required to confirm that the plans and specifications conform to all the fire safety and control requirements of the Fire Code of the Philippines. Upon presentation of the official receipts, the company submits all the documents and plans together with the endorsement letter from the Building Official to the local fire marshal to obtain approval from the latter with respect to fire safety and control requirements. As per National Building Code, the fire marshal shall give his/her recommendation within five working days from date of referral. Failure to act within said period shall mean that the plans and specifications conform to all the requirements of the Fire Code of the Philippines. While the company is getting approval from the local fire marshal, processing of application, checking plans and specifications by the technical staff of the OBO is ongoing.

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, mechanical and plumbing fees)

Comments: After the building permit application is approved, the Building Official releases the order of payment for the company to pay at the City Treasurer's Office. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section for recording and issuance of the permit.

Procedure 8. Receive inspection from the BFP**Time:** 1 day**Cost:** No cost (fees included in procedure 6)

Comments: During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).

Procedure 9. Receive inspection from the OBO**Time:** 1 day**Cost:** No cost (fees included in procedure 7)

Comments: During the construction of the warehouse, the OBO will conduct an inspection of the site at random, to determine whether the construction follows the approved building plans and design.

Procedure 10. Request the fire safety inspection certificate (FSIC) from the BFP**Time:** 1 day**Cost:** PHP 3,901 (10% of building permit fees)

Comments: After construction of the warehouse, the company requests the BFP for an inspection of the site to certify that the required fire safety construction, fire

protective and/or warning systems are properly installed and in good working condition.

Procedure 11. Receive 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

Comments: After inspection, the company obtains the certificate from the BFP.

Procedure 13. Request the certificate of occupancy and certificate of electrical inspection (CEI) from the OBO

Time: 1 day

Cost: PHP 19,500 (PHP 1,000 per million of the project value)

Comments: The application for the certificate of occupancy includes a form for the certificate of electrical inspection. The certificates are prerequisites for the electricity connection and are released after a team of inspectors (architectural, structural, electrical, mechanical, and sanitary) inspects the site and certifies that the warehouse as built conforms to the design, plans, and cost of the project.

Procedure 14. Receive inspection for the certificate of occupancy and CEI from the OBO

Time: 1 day

Cost: No cost (fees included in procedure 13)

Procedure 15. Obtain the certificate of occupancy and CEI from the OBO

Time: 4 days

Cost: PHP 1,000

Procedure 16. Request connection for electricity from Meralco

Time: 1 day

Cost: No cost

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. The cost of the transformers is PHP 106,850 per transformer (two needed). The service deposit is PHP 138,580. Both the transformer and service deposit are refundable after the first year through annual deductions to the electricity bill or through checks computed at 25% of the applicant's annual gross distribution revenue.

Procedure 17. Receive inspection for electricity from Meralco

Time: 1 day

Cost: No cost

Procedure 18. Obtain connection for electricity from Meralco

Time: 88 days

Cost: No cost

Procedure 19*. Request connection for water and sewage from Manila Water Company, Inc (Manila Water)

Time: 1 day

Cost: PHP 6,635 (installation fee paid during application)

Comments: The water company is Manila Water. The company visits Manila Water to request the connection and inspection time takes two weeks. 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: No cost

Procedure 22*. Obtain telephone connection from the telephone company

Time: 5 days

Cost: PHP 1,310 (installation fee and unit)

Comments: There are two telephone companies providing landline services in Taguig. These are Philippine Long Distance Co. (PLDT) and Globelines. For PLDT, the cost is PHP 1,500 and there is a lock-in period of 24 months for the regular phone line. For Globelines, there is no cost if the applicant provides proof of financial capability. Otherwise, the applicant has to pay PHP 1,310. There is a lock-in period of 12 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*. Secure the tax declaration of improvement at the City Assessor's Office (CAO)

Time: 3 days

Cost: No cost

Comments: The company must update the official records to include the newly built warehouse for tax purposes. The OBO furnishes CAO a copy of building plan and certificate of occupancy on a weekly basis to notify them of the new building construction. The company will submit the floor plan, list of machineries and equipments with acquisition cost, and as-built plan in order to process the application. The tax declaration of improvement is released after an appraiser inspects the property on the following day.

* This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Tanauan

Procedures to build a warehouse

Warehouse Value: USD 380,011 = PHP 19,500,000

Date as of: December 2007

Procedure 1. Obtain a certified true copy (CTC) of the land title from the Registry of Deeds (RD)

Time: 1 day

Cost: PHP 30

Comments: The company must obtain a CTC of the land title as proof of ownership of the land on which the warehouse is to be built.

Procedure 2*. Obtain CTC of the tax declaration of real property from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 20

Comments: The company must obtain a CTC of the tax declaration of real property so that it can identify the property by its index number.

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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.

Procedure 4*. Obtain Barangay clearance

Time: 2 days

Cost: PHP 50

Comments: This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.

Procedure 5. Obtain the zoning certificate from the City Mayor's Office (CMO)**Time:** 1 day**Cost:** PHP 100**Comments:** The company must obtain a zoning certificate to determine the classification of land where the project will be constructed.**Procedure 6. Request the locational clearance from the City Planning and Development Office (CPDO)****Time:** 1 day**Cost:** PHP 400 (fixed rate)**Comments:** This clearance confirms that the intended land use conforms to the local government's zoning ordinances, wherein a Barangay clearance is required. The time to complete the construction may be shorter if the warehouse is to be built in an industrial area versus other areas.**Procedure 7. Notarize the locational clearance 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 (fees included in procedure 6)**Comments:** The CPDO conducts an inspection of the property before issuance of the locational clearance.**Procedure 9. Obtain the locational clearance from the CPDO****Time:** 1 day**Cost:** No cost**Comments:** The company goes to the CPDO to obtain the locational clearance.**Procedure 10. Apply for the building permit at the Office of the Building Official (OBO)****Time:** 1 day**Cost:** No cost**Comments:** The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical specifications of the project approved to ensure they are compliant with the design codes, and safety laws and regulations. To obtain the building permit, the company gets the application forms and checklist from the Receiving Section at the OBO. The receiving personnel will check if all documents in the checklist are satisfied.**Procedure 11. Request the fire safety approval and obtain the order of payment from the local fire marshal at the Bureau of Fire Protection (BFP)****Time:** 7 days**Cost:** PHP 19,500 (0.1% of the estimated value of the building)**Comments:** This approval is required to confirm that the plans and specifications conform to all the fire safety and control requirements of the Fire Code of the Philippines. Upon presentation of the official receipts, the company submits all the documents and plans together with the endorsement letter from the Building Official to the local fire marshal to obtain approval from the latter with respect to fire safety and control requirements. As per National Building Code, the fire marshal shall give his/her recommendation within five working days from date of referral. Failure to act within said period shall mean that the plans and specifications conform to all the requirements of the Fire Code of the Philippines. While the company is getting approval from the local fire marshal, processing of application, checking plans and specifications by the technical staff of the OBO is ongoing. The fire fund fees are paid at the City Treasurer's Office (CTO).**Procedure 12. Obtain the fire safety approval from the local fire marshal at the BFP****Time:** 2 days**Cost:** No cost**Procedure 13. 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, mechanical and plumbing fees)

Comments: After the building permit application is approved, the Building Official releases the 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 for recording and issuance of the permit.**Procedure 14. Receive inspection from the BFP****Time:** 1 day**Cost:** No cost (fees included in procedure 11)**Comments:** During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).**Procedure 15. Receive inspection from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 13)**Comments:** During the construction of the warehouse, the OBO will conduct an inspection of the site at random, to determine whether the construction follows the approved building plans and design.**Procedure 16. Request the fire safety inspection certificate (FSIC) from the BFP****Time:** 1 day**Cost:** PHP 3,901 (10% of building permit fees)**Comments:** After construction of the warehouse, the company requests the BFP for an inspection of 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 company obtains the order of payment from the BFP and the FSIC fees are paid at the CTO.**Procedure 17. Receive 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:** 3 days**Cost:** No cost**Comments:** After inspection, the company obtains the certificate from the BFP.**Procedure 19. Request the certificate of occupancy and certificate of electrical inspection (CEI) from the OBO****Time:** 1 day**Cost:** PHP 16,250 (project cost (19,500,000)/1,200,000 x 1,000)**Comments:** The application for the certificate of occupancy includes a form for the certificate of electrical inspection. The certificates are prerequisites for the electricity connection and are released after a team of inspectors (architectural, structural, electrical, mechanical, and sanitary) inspects the site and certifies that the warehouse as built conforms to the design, plans, and cost of the project.**Procedure 20. Receive inspection for the certificate of occupancy and CEI from the OBO****Time:** 1 day**Cost:** No cost (fees included in procedure 19)**Procedure 21. Obtain the certificate of occupancy and CEI from the OBO****Time:** 13 days**Cost:** PHP 150**Procedure 22. Request connection for electricity from Batangas Electric Cooperative (Batelec)****Time:** 1 day**Cost:** PHP 696,000 (cost of three 50kVA transformers and installation)**Comments:** The electric company is Batelec. The company visits Batelec to request the connection. Batelec conducts an inspection of the warehouse and in the following days the technical staff visit the site for the electric connection. The cost of the transformers is PHP 202,000 per transformer (three needed) while the cost of installation (labor and materials) is PHP 90,000. Both costs are non-refundable.

Procedure 23. Receive inspection for electricity from Batelec**Time:** 1 day**Cost:** No cost**Procedure 24. Obtain connection for electricity from Batelec****Time:** 3 days**Cost:** No cost**Procedure 25*. Request connection for water and sewage from Tanauan Water District (TWD)****Time:** 1 day**Cost:** PHP 2,980 (installation fee paid during application)**Comments:** The water company is TWD. The company visits TWD to request the connection; connection is effected some days after inspection.**Procedure 26*. Receive inspection for water and sewage connection from TWD****Time:** 1 day**Cost:** No cost**Procedure 27*. Obtain water and sewage connection from TWD****Time:** 5 days**Cost:** No cost**Procedure 28*. Obtain telephone connection from the telephone company****Time:** 5 days**Cost:** PHP 1,310 (installation fee and unit)**Comments:** There are two telephone companies providing landline services in Tanauan City. These are Philippine Long Distance Co. (PLDT) and Globelines. They only provide permanent telephone connection. For PLDT the cost is PHP 1,500 and there is a lock-in period of 12 months for the regular phone line. For Globelines, there is no cost if the applicant provides proof of financial capability. Otherwise, the applicant has to pay PHP 1,310. There is a lock-in period of 12 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*. Secure the tax declaration of improvement at the CAO****Time:** 3 days**Cost:** No cost**Comments:** The company must update the official records to include the newly built warehouse for tax purposes. The OBO furnishes to the CAO a copy of the building plan and certificate of occupancy to notify them of the new building construction. In practice, to expedite the procedure, the company will submit the above documents to the CAO. The tax declaration of improvement is released after an appraiser inspects the property on the same or the following day.

*This procedure is simultaneous with a previous procedure

DEALING WITH LICENSES

Valenzuela*Procedures to build a warehouse**Warehouse Value: USD 380,011 = PHP 19,500,000**Date as of: December 2007***Procedure 1. Obtain certified true copy (CTC) of the land title from the Registry of Deeds (RD)****Time:** 1 day**Cost:** PHP 30**Comments:** The company must obtain a CTC of the land title as proof of ownership of the land on which the warehouse is to be built.**Procedure 2*. Obtain CTC 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)**Comments:** The company must obtain a CTC of the tax declaration of real property so that it can identify the property by its index number.**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. The going rate is PHP 1,500 per geodetic lot plan with site map. The company may pay more or less, depending on the geodetic engineer and the city where the warehouse is to be built.**Procedure 4*. Obtain Barangay clearance****Time:** 2 days**Cost:** PHP 150**Comments:** This clearance confirms that the intended land use is compliant with the Barangay's zoning ordinances. Barangay fees vary for each Barangay since they have the discretion to impose their own taxes, fees and charges.**Procedure 5. Request the locational clearance and apply for the building permit at the City Engineering Department (CED)****Time:** 1 day**Cost:** PHP 3,302 (PHP 2.5 per square meter + PHP 50 filing fee)**Comments:** This clearance confirms that the intended land use conforms to the local government's zoning ordinances. Computation based on Valenzuela City Revenue Code. The company must obtain the building permit along with the electrical, sanitary, and mechanical permits, and have the design, plans, and technical specifications of the project approved to ensure they are compliant with the design codes, and safety laws and regulations. To obtain the building permit, the company gets the application forms and checklist from the Receiving Section at the CED. The receiving personnel will check if all documents in the checklist are satisfied. While in other cities the company would go to the BFP to request for the local fire marshal's recommendations with respect to fire safety and control requirements (done while the application for building permit is being processed), in Valenzuela the CED has a Liaison Officer who would go the BFP on behalf of the company to get the recommendation.**Procedure 6. Receive inspection for the locational clearance from the CED****Time:** 1 day**Cost:** No cost (fees included in procedure 5)**Comments:** The CED conducts an inspection of the property before issuance of the locational clearance.**Procedure 7. Obtain the locational clearance from the CED****Time:** 1 day**Cost:** No cost**Comments:** The company goes to the CED to obtain the locational clearance.**Procedure 8. Notarize the building permit at the notary****Time:** 1 day**Cost:** PHP 100**Procedure 9. Obtain the building permit from the CED****Time:** 14 days**Cost:** PHP 58,518 (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 plus PHP 19,500 for the cost of the fire safety approval)**Comments:** After the building permit application is approved, the Building Official releases the order of payment for the company to pay at the City Treasurer's Office. Once the company has paid the building permit fees, it will present the official receipt to the Receiving/Releasing Section for recording and issuance of the permit.**Procedure 10. Receive inspection from the Bureau of Fire Protection (BFP)****Time:** 1 day**Cost:** No cost (fees included in procedure 9)

Comments: During the construction of the warehouse, the BFP will conduct an inspection of the site at random, to determine whether the plans and fire safety precautions are being observed (section 1.202 of the Fire Code of the Philippines).

Procedure 11. Receive inspection from the CED

Time: 1 day

Cost: No cost (fees included in procedure 9)

Comments: During the construction of the warehouse, the CED will conduct an inspection of the site at random, to determine whether the construction follows the approved building plans and design.

Procedure 12. Request the fire safety inspection certificate (FSIC) from the BFP

Time: 1 day

Cost: PHP 3,901 (10% of building permit fees)

Comments: After construction of the warehouse, the company requests the BFP for an inspection of the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition.

Procedure 13. Receive 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: 1 day

Cost: No cost

Comments: After inspection, the company obtains the certificate from the BFP.

Procedure 15. Request the certificate of occupancy and certificate of electrical inspection (CEI) from the CED

Time: 1 day

Cost: PHP 20,000 (PHP 1,000 per million of the project value)

Comments: The application for the certificate of occupancy includes a form for the certificate of electrical inspection. The certificates are prerequisites for the electricity connection and are released after a team of inspectors (architectural, structural, electrical, mechanical, and sanitary) inspects the site and certifies that the warehouse as built conforms to the design, plans, and cost of the project.

Procedure 16. Receive inspection for the certificate of occupancy and CEI from the CED

Time: 1 day

Cost: No cost (fees included in procedure 15)

Procedure 17. Obtain the certificate of occupancy and CEI from the CED

Time: 3 days

Cost: No cost

Procedure 18. Request connection for electricity from Meralco

Time: 1 day

Cost: No cost

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. The cost of the transformers is PHP 106,850 per transformer (two needed). The service deposit is PHP 138,580. Both the transformer and service deposit are refundable after the first year through annual deductions to the electricity bill or through checks computed at 25% of the applicant's annual gross distribution revenue.

Procedure 19. Receive inspection for electricity from Meralco

Time: 1 day

Cost: No cost

Procedure 20. Obtain connection for electricity from Meralco

Time: 88 days

Cost: No cost

Procedure 21*. Request connection for water and sewage from Maynilad Water Services, Inc (Maynilad)

Time: 1 day

Cost: PHP 6,411 (installation fee paid during application)

Comments: The water company is Maynilad. The company visits Maynilad to request the connection and inspection time takes two weeks. Maynilad subcontracts the installation with a contractor and the time of actual installation depends on the contractor.

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: No cost

Procedure 24*. Obtain telephone connection from the telephone company

Time: 5 days

Cost: PHP 999 (installation fee and unit)

Comments: There are three telephone companies providing landline services for Valenzuela. The cost is PHP 1,500 for Philippine Long Distance Co. (PLDT), PHP 1,310 for Globelines, and PHP 999 for Bayantel. There is a lock-in period of 24, 12 and 12 months respectively for the regular phone line. The case study assumes that the company will request services from Bayantel as this is the option favorable to the company.

Procedure 25*. Secure the tax declaration of improvement at the CAO

Time: 3 days

Cost: No cost

Comments: The OBO furnishes to the CAO a copy of the building plan and certificate of occupancy upon request of the latter. The company also submits the building permit and certificate of occupancy in order to process the application. The tax declaration of improvement is released after an appraiser inspects the property on the same or the following day.

* This procedure is simultaneous with a previous procedure

Doing Business

Registering property

Caloocan

Property value: USD 71,006 = PHP 3,643,315

Date as of: December 2007

Procedure 1. Prepare the deed of sale and ratify it by the notary

Time: 1 day

Cost: PHP 72,866 (1–3% of property value)

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 from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 100 (PHP 50 per real property unit (RPU), loose documentary stamp not required)

Comments: The seller obtains a certified true copy of the latest tax declaration from the CAO.

Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)

Comments: The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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 (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).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 14 days

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

Comments: After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. 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/original certificate of title (OCT))
- Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2)
- Tax identification numbers.
- Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)

Time: 2 days

Cost: PHP 50

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 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 30,057 (0.825% of property price)

Comments: The documentation shall include:

- Certificate authorizing registration from the BIR (obtained in procedure 4)
- Realty tax clearance from the CTO (obtained in procedure 5)
- Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)

Time: 10 days

Cost: PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)

Comments: The buyer applies for registration with the RD. 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 RD or Deputy Registry 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.

4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer

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. This procedure includes an inspection in Caloocan.

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 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Cebu

Property value: USD 71,006 = PHP 3,643,315

Date as of: December 2007

Procedure 1. Prepare the deed of sale and ratify it by the notary

Time: 1 day

Cost: PHP 36,433 (1% of property value)

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. The cost to complete the procedure is set by the Integrated Bar of the Philippines-Cebu Chapter through a resolution. In practice however, the amount to complete the procedure may vary, since the resolution is just a guideline and not a hard and fast rule. Consequently, the lawyers and the transacting parties can negotiate on the amount, which could either be lower or higher than the amount stated in the resolution.

Procedure 2. Obtain certified true copy of latest tax declaration from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 90 (PHP 30 per real property unit (RPU) + PHP 15 per loose documentary stamp)

Comments: The seller obtains a certified true copy of the latest tax declaration from the CAO.

Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)

Comments: The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 14 days

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

Comments: After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title (in the name of seller /original certificate of title (OCT))
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 45 (PHP 30 for tax clearance + PHP 15 for loose documentary stamp)

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 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 18,217 (0.5% of property price)

Comments: The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)

Time: 10 days

Cost: PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)

Comments: The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.

2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer

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. This procedure includes an inspection in Cebu.

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 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Davao

Property value: USD 71,006 = PHP 3,643,315

Date as of: December 2007

Procedure 1. Prepare the deed of sale and ratify it by the notary

Time: 1 day

Cost: PHP 72,866 (1–3% of property value)

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. The cost to complete the procedure is set by the Integrated Bar of the Philippines-Cebu Chapter through a resolution. In practice however, the amount to complete the procedure may vary, since the resolution is just a guideline and not a hard and fast rule. Consequently, the lawyers and the transacting parties can negotiate on the amount, which could either be lower or higher than the amount stated in the resolution.

Procedure 2. Obtain certified true copy of latest tax declaration from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 80 (PHP 25 per real property unit (RPU) + PHP 15 per loose documentary stamp)

Comments: The seller obtains a certified true copy of the latest tax declaration from the CAO.

Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)

Time: 2 days

Cost: PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)

Comments: The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 14 days

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

Comments: After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title (in the name of seller /original certificate of title (OCT))
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 25

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 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 29,147 (0.8% of property price)

Comments: The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)

Time: 10 days

Cost: PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)

Comments: The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer

Time: 3 days

Cost: PHP 50 (PHP 25 per RPU)

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name. This procedure includes an inspection in Davao. 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 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Lapu-Lapu

Property value: USD 71,006 = PHP 3,643,315

Date as of: December 2007

Procedure 1. Prepare the deed of sale and ratify it by the notary

Time: 1 day

Cost: PHP 36,433 (1% of property value)

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. The cost to complete the procedure is set by the Integrated Bar of the Philippines-Cebu Chapter through a resolution. In practice

however, the amount to complete the procedure may vary, since the resolution is just a guideline and not a hard and fast rule. Consequently, the lawyers and the transacting parties can negotiate on the amount, which could either be lower or higher than the amount stated in the resolution.

Procedure 2. Obtain certified true copy of latest tax declaration from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 60 (PHP 5 per real property unit (RPU)+ PHP 25 per loose documentary stamp)

Comments: The seller obtains a certified true copy of the latest tax declaration from the CAO.

Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)

Comments: The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 25 days

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

Comments: After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title (in the name of seller /original certificate of title (OCT))
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained 2)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of Real Estate Taxes from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 30 (PHP 5 + PHP 25 per loose documentary stamp)

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 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 27,325 (0.75% of property price)

Comments: The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)

Time: 10 days

Cost: PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)

Comments: The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer

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. 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 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Las Piñas

Property value: USD 71,006 = PHP 3,643,315

Date as of: December 2007

Procedure 1. Prepare the deed of sale and ratify it by the notary

Time: 1 day

Cost: PHP 72,866 (1–3% of property value)

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 from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 200 (PHP 100 per real property unit (RPU), loose documentary stamp not required)

Comments: The seller obtains a certified true copy of the latest tax declaration from the CAO.

Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)

Comments: The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 5 days

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

Comments: After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title (in the name of seller /original certificate of title (OCT))
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 50

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 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 18,217 (0.5% of property price)

Comments: The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)

Time: 14 days

Cost: PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)

Comments: The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer

Time: 1 day

Cost: PHP 300 (PHP 150 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:

- 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 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Makati

Property value: USD 71,006 = PHP 3,643,315

Date as of: December 2007

Procedure 1. Prepare the deed of sale and ratify it by the notary

Time: 1 day

Cost: PHP 72,866 (1–3% of property value)

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 from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 110 (PHP 50 per real property unit (RPU) + PHP 5 per loose documentary stamp)

Comments: The seller obtains a certified true copy of the latest tax declaration from the CAO.

Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)

Comments: The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 14 days

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

Comments: After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title in the name of seller/ original certificate of title (OCT)
- b. Certified true copy of latest tax declaration in the name of seller (obtained in procedure 2)
- c. Tax identification numbers
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)

Time: 2 days

Cost: PHP 50

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 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 21,860 (0.6% of property price)

Comments: The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)

Time: 10 days

Cost: PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)

Comments: The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer

Time: 3 days

Cost: PHP 400 (PHP 200 per RPU)

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name. This procedure includes an inspection in Makati.

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 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Malabon

Property value: USD 71,006 = PHP 3,643,315

Date as of: December 2007

Procedure 1. Prepare the deed of sale and ratify it by the notary

Time: 1 day

Cost: PHP 72,866 (1–3% of property value)

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 from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 236 (PHP 100 per real property unit (RPU) + PHP 18 per loose documentary stamp)

Comments: The seller obtains a certified true copy of the latest tax declaration from the CAO.

Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)

Comments: The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 14 days

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

Comments: After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title (in the name of seller /original certificate of title (OCT))
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 100

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 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 18,217 (0.5% of property price)

Comments: The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)

Time: 10 days

Cost: PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)

Comments: The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer

Time: 3 days

Cost: PHP 200 (PHP 100 per RPU)

Comments: The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name. This procedure includes an inspection in Malabon and preparation of a Field Appraisal and Assessment Sheet (FAAS).

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 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Mandaluyong

Property value: USD 71,006 = PHP 3,643,315

Date as of: December 2007

Procedure 1. Prepare the deed of sale and ratify it by the notary

Time: 1 day

Cost: PHP 72,866 (1–3% of property value)

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 from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 50 (PHP 10 per per real property unit(RPU) + PHP 15 per loose documentary stamp)

Comments: The seller obtains a certified true copy of the latest tax declaration from the CAO.

Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)

Comments: The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 10 days

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

Comments: After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title (in the name of seller /original certificate of title (OCT))
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 10

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 6. Pay the transfer tax at the CTO

Time: 1 day

Cost: PHP 18,217 (0.5% of property price)

Comments: The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)

Time: 5 days

Cost: PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)

Comments: The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer

Time: 1 day

Cost: PHP 200 (PHP 100 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:

- 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 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Mandaue

Property value: USD 71,006 = PHP 3,643,315

Date as of: December 2007

Procedure 1. Prepare the deed of sale and ratify it by the notary

Time: 1 day

Cost: PHP 36,433 (1% of property value)

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. The cost to complete the procedure is set by the Integrated Bar of the Philippines-Cebu Chapter through a resolution. In practice however, the amount to complete the procedure may vary, since the resolution is just a guideline and not a hard and fast rule. Consequently, the lawyers and the transacting parties can negotiate on the amount, which could either be lower or higher than the amount stated in the resolution.

Procedure 2. Obtain certified true copy of latest tax declaration from the City Assessor's Office (CAO)

Time: 1 day

Cost: PHP 70 (PHP 10 per per real property unit (RPU)+ PHP 25 per loose documentary stamp)

Comments: The seller obtains a certified true copy of the latest tax declaration from the CAO.

Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)

Time: 1 day

Cost: PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)

Comments: The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)

Time: 25 days

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

Comments: After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title (in the name of seller /original certificate of title (OCT))
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)

Time: 1 day

Cost: PHP 10

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 6. Pay the transfer tax at the CTO**Time:** 1 day**Cost:** PHP 10,930 0.3% of property price**Comments:** The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)**Time:** 10 days**Cost:** PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)**Comments:** The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer**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. This procedure includes an inspection in Mandaue.

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 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Manila*Property value: USD 71,006 = PHP 3,643,315**Date as of: December 2007***Procedure 1. Prepare the deed of sale and ratify it by the notary****Time:** 1 day**Cost:** PHP 54,650 (1.5% of property value)**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 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 CAO.**Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)****Time:** 1 day**Cost:** PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)**Comments:** The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)**Time:** 14 days**Cost:** PHP 100**Comments:** After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title (in the name of seller /original certificate of title (OCT))
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)**Time:** 2 days**Cost:** PHP 50**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 6. Pay the transfer tax at the CTO**Time:** 1 day**Cost:** PHP 27,325 (0.75% of property price)**Comments:** The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)**Time:** 10 days**Cost:** PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)**Comments:** The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer**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. Certificate authorizing registration from the BIR (obtained in procedure 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Marikina*Property value: USD 71,006 = PHP 3,643,315**Date as of: December 2007***Procedure 1. Prepare the deed of sale and ratify it by the notary****Time:** 1 day**Cost:** PHP 72,866 (1–3% of property value)**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 from the City Assessor's Office (CAO)****Time:** 1 day**Cost:** PHP 80 (PHP 20 per real property unit (RPU) + PHP 20 per loose documentary stamp)**Comments:** The seller obtains a certified true copy of the latest tax declaration from the CAO.**Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)****Time:** 1 day**Cost:** PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)**Comments:** The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)**Time:** 14 days**Cost:** PHP 115 (PHP 100 + PHP 15 documentary stamp)**Comments:** After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title (in the name of seller /original certificate of title (OCT))
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)**Time:** 1 day**Cost:** PHP 20**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 6. Pay the transfer tax at the CTO**Time:** 1 day**Cost:** PHP 27,325 (0.75% of property price)**Comments:** The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)**Time:** 10 days**Cost:** PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)**Comments:** The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer**Time:** 3 days**Cost:** PHP 200 (PHP 100 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:

- 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 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Muntinlupa*Property value: USD 71,006 = PHP 3,643,315**Date as of: December 2007***Procedure 1. Prepare the deed of sale and ratify it by the notary****Time:** 1 day**Cost:** PHP 72,866 (1–3% of property value)**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 from the City Assessor's Office (CAO)****Time:** 1 day**Cost:** PHP 24 (PHP 12 per real property unit (RPU), loose documentary stamp not required)**Comments:** The seller obtains a certified true copy of the latest tax declaration from the CAO.**Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)****Time:** 1 day**Cost:** PHP 54,665 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)**Comments:** The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)**Time:** 10 days**Cost:** PHP 115 (PHP 100 + PHP 15 documentary stamp)**Comments:** After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title (in the name of seller /original certificate of title (OCT))
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)**Time:** 1 day**Cost:** PHP 30**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 6. Pay the transfer tax at the CTO**Time:** 1 day**Cost:** PHP 18,217 (0.5% of property price)**Comments:** The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)**Time:** 10 days**Cost:** PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)**Comments:** The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer**Time:** 1 day**Cost:** PHP 50 (PHP 50 per transfer regardless of the number of 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. 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 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Navotas*Property value: USD 71,006 = PHP 3,643,315**Date as of: December 2007***Procedure 1. Prepare the deed of sale and ratify it by the notary****Time:** 1 day**Cost:** PHP 72,866 (1–3% of property value)**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 from the City Assessor's Office (CAO)****Time:** 1 day**Cost:** PHP 160 (PHP 50 per real property unit (RPU) + PHP 30 per loose documentary stamp)**Comments:** The seller obtains a certified true copy of the latest tax declaration from the CAO.**Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)****Time:** 1 day**Cost:** PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)**Comments:** The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)**Time:** 14 days**Cost:** PHP 115 (PHP 100 + PHP 15 documentary stamp)**Comments:** After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title (in the name of seller /original certificate of title (OCT))
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)**Time:** 1 day**Cost:** PHP 30**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 6. Pay the transfer tax at the CTO**Time:** 2 days**Cost:** PHP 18,217 (0.5% of property price)**Comments:** The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)**Time:** 10 days**Cost:** PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)**Comments:** The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer**Time:** 1 day**Cost:** PHP 230 (PHP 100 per RPU + PHP 30 for certified true copy)**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. Certificate authorizing registration from the BIR (obtained in procedure 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Parañaque

Property value: USD 71,006 = PHP 3,643,315

Date as of: December 2007

Procedure 1. Prepare the deed of sale and ratify it by the notary**Time:** 1 day**Cost:** PHP 72,866 (1–3% of property value)**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 from the City Assessor's Office (CAO)****Time:** 1 day**Cost:** PHP 100 (PHP 50 per real property unit (RPU), loose documentary stamp not required)**Comments:** The seller obtains a certified true copy of the latest tax declaration from the CAO.**Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)****Time:** 1 day**Cost:** PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)**Comments:** The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)**Time:** 5 days**Cost:** PHP 115 (PHP 100 + PHP 15 documentary stamp)**Comments:** After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title (in the name of seller /original certificate of title (OCT))
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)**Time:** 1 day**Cost:** PHP 50**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 6. Pay the transfer tax at the CTO**Time:** 1 day**Cost:** PHP 18,217 (0.5% of property price)**Comments:** The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)**Time:** 14 days**Cost:** PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)**Comments:** The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer**Time:** 3 days**Cost:** PHP 200 (PHP 100 per RPU)**Comments:** The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name. This procedure includes an inspection in Parañaque.

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 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Pasay*Property value: USD 71,006 = PHP 3,643,315**Date as of: December 2007***Procedure 1. Prepare the deed of sale and ratify it by the notary****Time:** 1 day**Cost:** PHP 72,866 (1–3% of property value)**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 from the City Assessor's Office (CAO)****Time:** 1 day**Cost:** PHP 120 (PHP 40 per per real property unit(RPU) + PHP 20 per loose documentary stamp)**Comments:** The seller obtains a certified true copy of the latest tax declaration from the CAO.**Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)****Time:** 1 day**Cost:** PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)**Comments:** The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)**Time:** 14 days**Cost:** PHP 115 (PHP 100 + PHP 15 documentary stamp)**Comments:** After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title (in the name of seller /original certificate of title (OCT))
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)**Time:** 1 day**Cost:** PHP 40**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 6. Pay the transfer tax at the CTO**Time:** 1 day**Cost:** PHP 27,325 (0.75% of property price)**Comments:** The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)**Time:** 10 days**Cost:** PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)**Comments:** The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer**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. This procedure includes an inspection in Pasay.

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 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Pasig

Property value: USD 71,006 = PHP 3,643,315

Date as of: December 2007

Procedure 1. Prepare the deed of sale and ratify it by the notary**Time:** 1 day**Cost:** PHP 72,866 (1–3% of property value)**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 from the City Assessor's Office (CAO)****Time:** 1 day**Cost:** PHP 100 (PHP 30 per real property unit (RPU) + PHP 20 per loose documentary stamp)**Comments:** The seller obtains a certified true copy of the latest tax declaration from the CAO.**Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)****Time:** 1 day**Cost:** PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)**Comments:** The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)**Time:** 14 days**Cost:** PHP 115 (PHP 100 + PHP 15 documentary stamp)**Comments:** After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title (in the name of seller/original certificate of title (OCT))
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)**Time:** 1 day**Cost:** PHP 50**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 6. Pay the transfer tax at the CTO**Time:** 1 day**Cost:** PHP 18,217 (0.5% of property price)**Comments:** The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)**Time:** 10 days**Cost:** PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)**Comments:** The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer**Time:** 1 day**Cost:** PHP 200 (PHP 100 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:

- 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 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Quezon City*Property value: USD 71,006 = PHP 3,643,315**Date as of: December 2007***Procedure 1. Prepare the deed of sale and ratify it by the notary****Time:** 1 day**Cost:** PHP 72,866 (1–3% of property value)**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 from the City Assessor's Office (CAO)****Time:** 1 day**Cost:** PHP 100 (PHP 50 per real property unit (Real Property Unit), loose documentary stamp not required)**Comments:** The seller obtains a certified true copy of the latest tax declaration from the CAO.**Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)****Time:** 1 day**Cost:** PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)**Comments:** The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (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 + PHP 15 documentary stamp)**Comments:** After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title (in the name of seller/original certificate of title (OCT))
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)**Time:** 2 days**Cost:** PHP 50**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 6. Pay the transfer tax at the CTO**Time:** 1 day**Cost:** PHP 27,325 (0.75% of property price)**Comments:** The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)**Time:** 10 days**Cost:** PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)**Comments:** The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer**Time:** 2 days**Cost:** PHP 100 (PHP 50 per RPU)**Comments:** The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name. This procedure includes an inspection in Quezon City.

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 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

San Juan*Property value: USD 71,006 = PHP 3,643,315**Date as of: December 2007***Procedure 1. Prepare the deed of sale and ratify it by the notary****Time:** 1 day**Cost:** PHP 72,866 (1–3% of property value)**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 from the City Assessor's Office (CAO)****Time:** 1 day**Cost:** PHP 60 (PHP 30 per real property unit(RPU), loose documentary stamp not required)**Comments:** The seller obtains a certified true copy of the latest tax declaration from the CAO.**Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)****Time:** 1 day**Cost:** PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)**Comments:** The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)**Time:** 14 days**Cost:** PHP 115 (PHP 100 + PHP 15 documentary stamp)**Comments:** After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title (in the name of seller /original certificate of title (OCT))
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)**Time:** 2 days**Cost:** PHP 50**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 6. Pay the transfer tax at the CTO**Time:** 1 day**Cost:** PHP 18,217 (0.5% of property price)**Comments:** The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)**Time:** 3 days**Cost:** PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)**Comments:** The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer**Time:** 3 days**Cost:** PHP 200 (PHP 100 per RPU)**Comments:** The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name. This procedure includes an inspection in San Juan.

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 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Taguig*Property value: USD 71,006 = PHP 3,643,315**Date as of: December 2007***Procedure 1. Prepare the deed of sale and ratify it by the notary****Time:** 1 day**Cost:** PHP 72,866 (1–3% of property value)**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 tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)****Time:** 1 day**Cost:** PHP 50 (PHP 10 per real property unit (RPU)+ PHP 30 per loose documentary stamp)**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 from the City Assessor's Office (CAO)**Time:** 1 day**Cost:** PHP 80 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)**Comments:** The seller obtains a certified true copy of the latest tax declaration from the CAO.**Procedure 4. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)****Time:** 1 days**Cost:** PHP 54,650 (PHP 100 + PHP 15 documentary stamp)**Comments:** The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 3).

Procedure 5. 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 BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title in the name of seller/ original certificate of title (OCT)
- b. Certified true copy of latest tax declaration in the name of seller (obtained in procedure 3)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 6. Pay the transfer tax at the CTO**Time:** 1 day**Cost:** PHP 18,217 (0.5% of property price)**Comments:** The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)**Time:** 10 days**Cost:** PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)**Comments:** The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer**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. This procedure includes an inspection in Taguig.

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 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Tanauan*Property value: USD 71,006 = PHP 3,643,315**Date as of: December 2007***Procedure 1. Prepare the deed of sale and ratify it by the notary****Time:** 1 day**Cost:** PHP 36,433 (1% of property value)**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 from the City Assessor's Office (CAO)****Time:** 1 day**Cost:** PHP 40 (PHP 20 per real property unit (RPU), loose documentary stamp not required)**Comments:** The seller obtains a certified true copy of the latest tax declaration from the CAO.**Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)****Time:** 1 day**Cost:** PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)**Comments:** The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)**Time:** 14 days**Cost:** PHP 115 (PHP 100 + PHP 15 documentary stamp)**Comments:** After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title (in the name of seller/original certificate of title (OCT))
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)**Time:** 2 days**Cost:** PHP 20**Comments:** The seller, after paying any due amounts, obtains a tax clearance certificate from the Treasurer's Office of the Local Government Unit (Tanauan).

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 18,217 (0.5% of property price)**Comments:** The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)**Time:** 10 days**Cost:** PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)**Comments:** The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.
9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer**Time:** 2 days**Cost:** PHP 30 (no cost to transfer tax declaration, PHP 30 for certified true copy TCT)**Comments:** The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name. This procedure includes an inspection in Tanaan. 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 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).

REGISTERING PROPERTY

Valenzuela*Property value: USD 71,006 = PHP 3,643,315**Date as of: December 2007***Procedure 1. Prepare the deed of sale and ratify it by the notary****Time:** 1 day**Cost:** PHP 72,866 (1–3% of property value)**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 from the City Assessor's Office (CAO)****Time:** 1 day**Cost:** PHP 60 (PHP 10 per real property unit (RPU) + PHP 20 per loose documentary stamp)**Comments:** The seller obtains a certified true copy of the latest tax declaration from the CAO.**Procedure 3. Pay documentary stamp tax and capital gains tax at an authorized agent bank (AAB)****Time:** 1 day**Cost:** PHP 54,650 (1.5% of property value (documentary stamp tax) + 6.0% of capital gains (capital gains tax). Note: Computation for capital gains (capital gains tax) is not included in the cost reflected)**Comments:** The seller files the documentary stamp tax return and capital gains tax return with the AAB. 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 AAB to the account of the BIR. The capital gains tax is 6.0% 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:

- a. Original copy and photocopy of notarized deed of sale (obtained in procedure 1)
- b. Certified true copy of transfer certificate of title (in the name of seller)
- c. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2).

Procedure 4. Obtain certificate authorizing registration (CAR) from the Bureau of Internal Revenue (BIR)**Time:** 14 days**Cost:** PHP 115 (PHP 100 + PHP 15 documentary stamp)**Comments:** After paying the taxes in procedure 3, the seller must obtain a tax clearance (or certificate authorizing registration) from the BIR. This certificate will authorize the registration of the property.

The documentation shall include:

- a. Certified true copy of transfer certificate of title (in the name of seller/original certificate of title (OCT))
- b. Certified true copy of latest tax declaration (in the name of seller) (obtained in procedure 2)
- c. Tax identification numbers.
- d. Notarized deed of absolute sale, but only photocopy shall be retained by the BIR.

Procedure 5. Obtain tax clearance certificate of real estate taxes from the City Treasurer's Office (CTO)**Time:** 2 days**Cost:** PHP 50**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 6. Pay the transfer tax at the CTO**Time:** 1 day**Cost:** PHP 18,217 (0.5% of property price)**Comments:** The documentation shall include:

- a. Certificate authorizing registration from the BIR (obtained in procedure 4)
- b. Realty tax clearance from the CTO (obtained in procedure 5)
- c. Official receipt of the BIR (for documentary stamp tax) (obtained in procedure 4).

Procedure 7. Secure registration with the Registry of Deeds (RD)**Time:** 7 days**Cost:** PHP 17,631 (PHP 8,796 for properties with a value up to PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 30 registry entry fee + PHP 60 transfer certificate of title)**Comments:** The buyer applies for registration with the RD. The following internal steps take place after the application is submitted:

1. 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.
2. Documents are then brought to the RD or Deputy Registry of Deeds for assignment.
3. Documents/titles are assigned by the RD to the Land Registration Examiner (LRE) who prepares computation and order of payment of registration fees.
4. 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.
5. 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.
6. 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.
7. RD reviews examination, and once same is approved, assigns documents to clerk for action, with instruction on the route slip.
8. 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.

9. Assigned employee acts on the documents, as instructed.
10. Final registration – RD signs titles and documents.
11. 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:

- a. Articles of incorporation and bylaws of the buyer
- b. Secretary's certificate containing the resolution of the board of directors of buyer approving the sale
- c. Original copy of owner's duplicate of the transfer certificate of title (in the name of seller)
- d. Certificate authorizing registration from the BIR (obtained in procedure 4)
- e. Realty tax clearance from the CTO (obtained in procedure 5)
- f. Official receipt of transfer tax payment (obtained in procedure 6)
- g. Official receipts of the BIR (for capital gains tax and documentary stamp tax) (obtained in procedure 3).

Procedure 8. Apply with the CAO for the issuance of a new tax declaration over the building and the land in the name of buyer**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. Certificate authorizing registration from the BIR (obtained in procedure 4)
- 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)
- f. The TCT issued by the RD (in the name of the buyer).



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