

A World Bank Group Flagship Report

16TH EDITION

DOING BUSINESS 2019

Training for Reform

Economy Profile Philippines



Comparing Business Regulation
for Domestic Firms in **190** Economies

Economy Profile of Philippines

*Doing Business 2019 Indicators
(in order of appearance in the document)*

Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, and the reliability of the electricity supply and the transparency of tariffs
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Paying taxes	Payments, time, total tax and contribution rate for a firm to comply with all tax regulations as well as post-filing processes
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Labor market regulation	Flexibility in employment regulation and aspects of job quality

About Doing Business

The *Doing Business* project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The *Doing Business* project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.

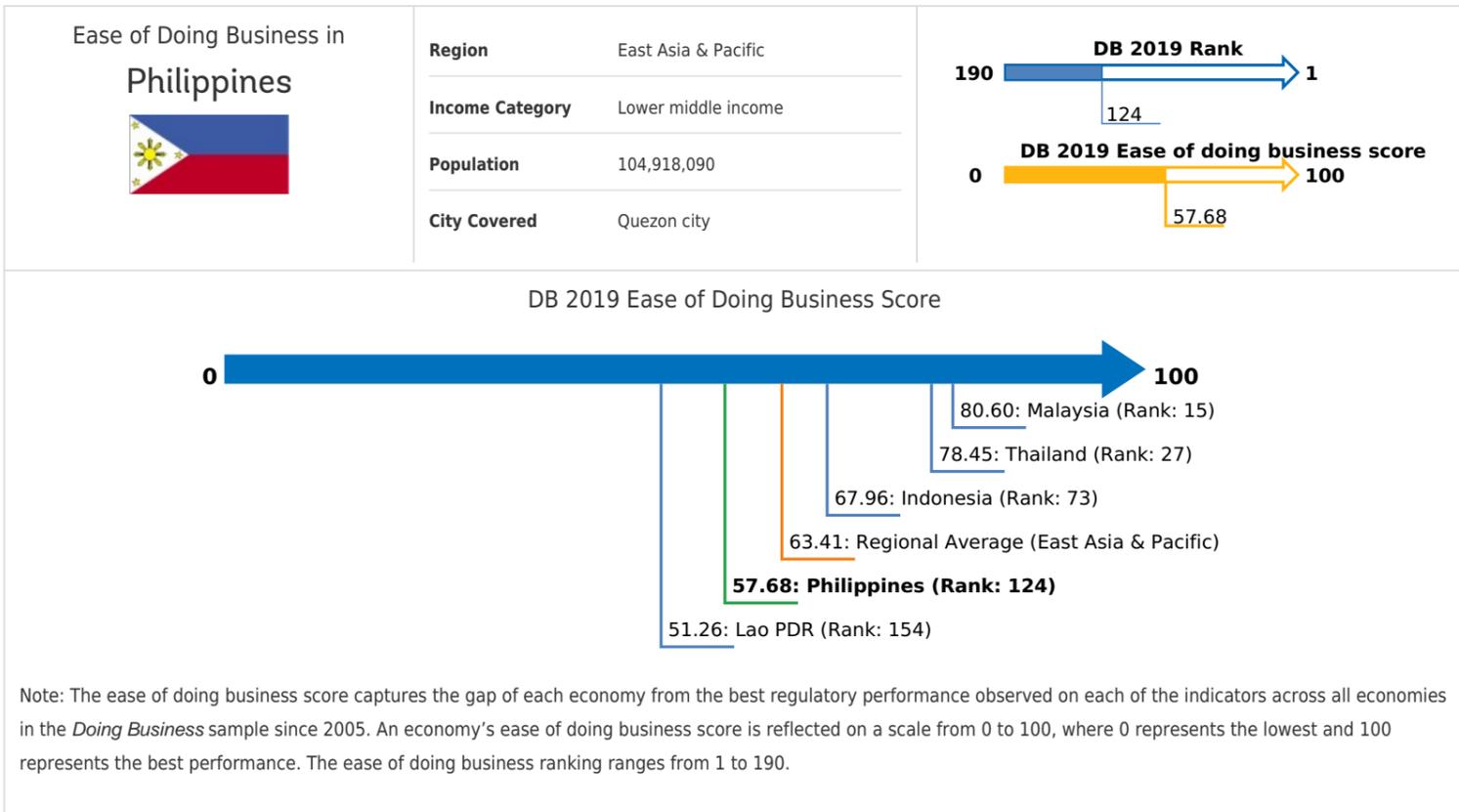
Doing Business captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. *Doing Business* also measures features of labor market regulation. Although *Doing Business* does not present rankings of economies on the labor market regulation indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, *Doing Business* encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

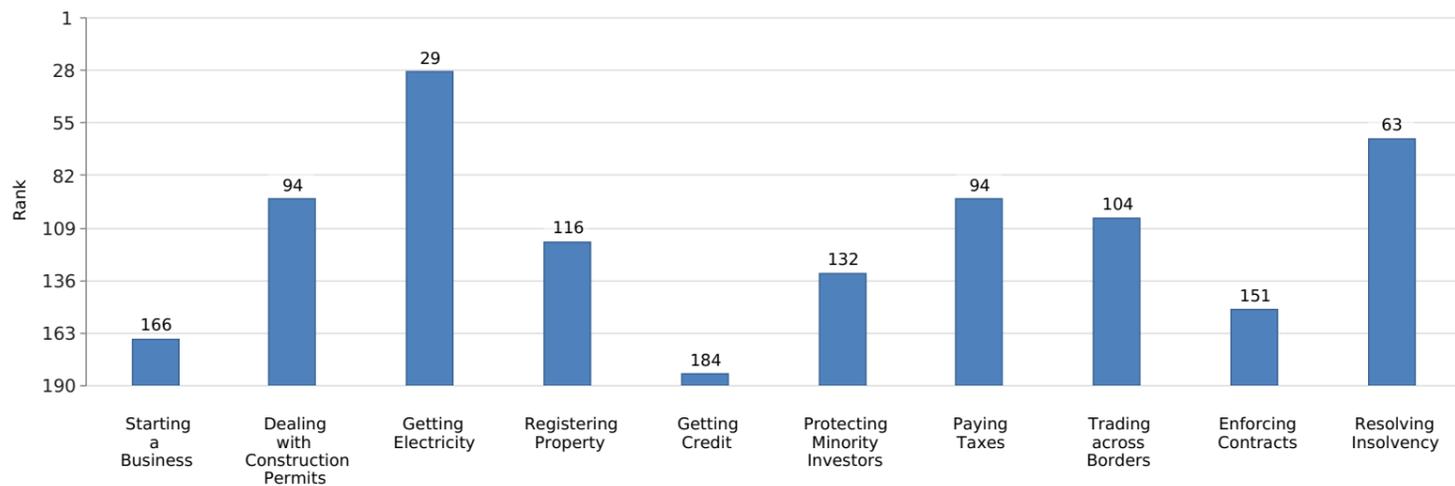
In addition, *Doing Business* offers detailed [subnational reports](#), which exhaustively cover business regulation and reform in different cities and regions within a nation. These reports provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that *Doing Business* has ranked.

The first *Doing Business* report, published in 2003, covered 5 indicator sets and 133 economies. This year's report covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where *Doing Business* also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

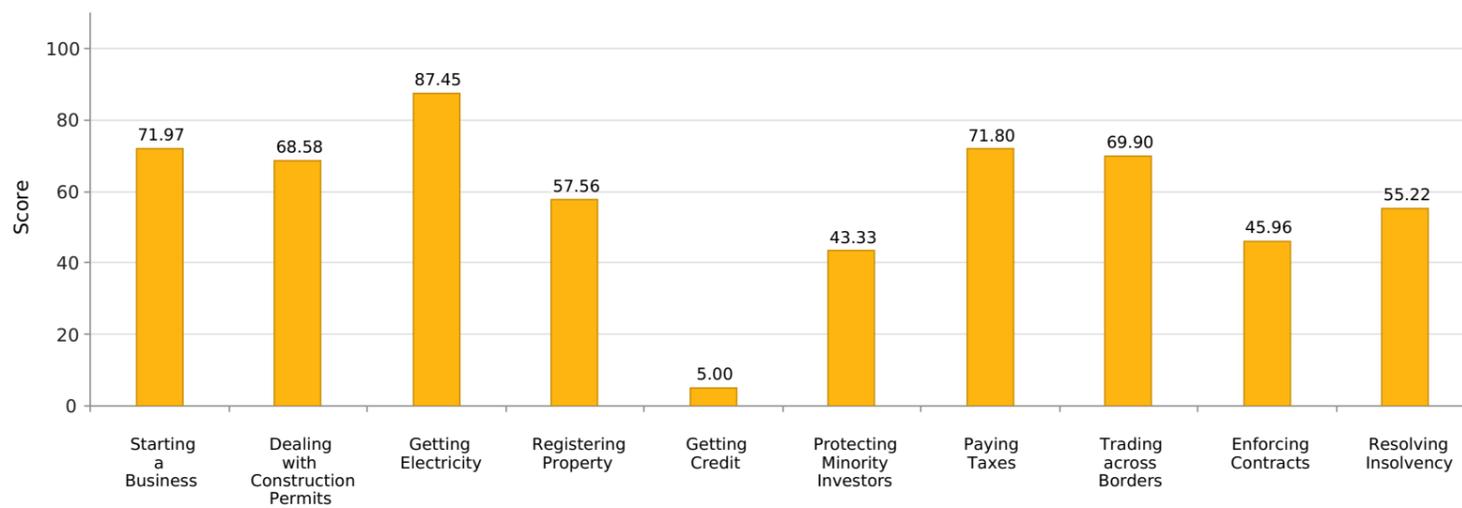
More about [Doing Business](#) (PDF, 5MB)



Rankings on Doing Business topics - Philippines



Ease of Doing Business Score on Doing Business topics - Philippines



Starting a Business

This topic measures the number of procedures, time, cost and paid-in minimum capital requirement for a small- to medium-sized limited liability company to start up and formally operate in each economy's largest business city.

To make the data comparable across 190 economies, *Doing Business* uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times the income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p>Procedures to legally start and formally operate a company (number)</p> <ul style="list-style-type: none"> • Preregistration (for example, name verification or reservation, notarization) • Registration in the economy's largest business city • Postregistration (for example, social security registration, company seal) • Obtaining approval from spouse to start a business or to leave the home to register the company • Obtaining any gender specific document for company registration and operation or national identification card <p>Time required to complete each procedure (calendar days)</p> <ul style="list-style-type: none"> • Does not include time spent gathering information • Each procedure starts on a separate day (2 procedures cannot start on the same day) • Procedures fully completed online are recorded as ½ day • Procedure is considered completed once final document is received • No prior contact with officials <p>Cost required to complete each procedure (% of income per capita)</p> <ul style="list-style-type: none"> • Official costs only, no bribes • No professional fees unless services required by law or commonly used in practice <p>Paid-in minimum capital (% of income per capita)</p> <ul style="list-style-type: none"> • Funds deposited in a bank or with third party before registration or up to 3 months after incorporation 	<p>To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.</p> <p>The business:</p> <ul style="list-style-type: none"> - Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office. - Operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city. - The entire office space is approximately 929 square meters (10,000 square feet). - Is 100% domestically owned and has five owners, none of whom is a legal entity; has a start-up capital of 10 times income per capita and has a turnover of at least 100 times income per capita. - Performs general industrial or commercial activities, such as the production or sale of goods 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 does not use heavily polluting production processes. - Leases the commercial plant or offices and is not a proprietor of real estate and the amount of the annual lease for the office space is equivalent to the income per capita. - Does not qualify for investment incentives or any special benefits. - Has at least 10 and up to 50 employees one month after the commencement of operations, all of whom are domestic nationals. - Has a company deed that is 10 pages long. <p>The owners:</p> <ul style="list-style-type: none"> - Have reached the legal age of majority. If there is no legal age of majority, they are assumed to be 30 years old. - Are sane, competent, in good health and have no criminal record. - Are married and the marriage is monogamous and registered with the authorities. - Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.

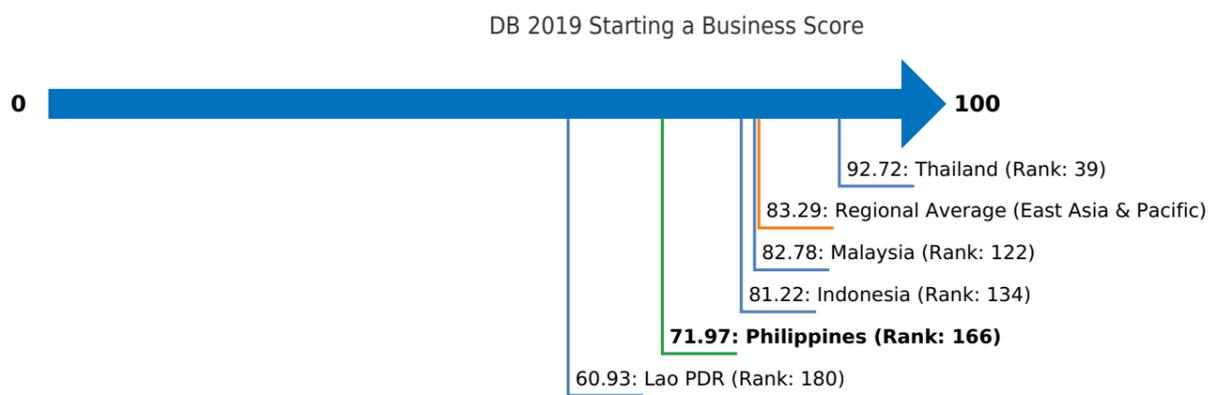
Starting a Business - Philippines

Standardized Company

Legal form	Corporation
Paid-in minimum capital requirement	PHP 5,000
City Covered	Quezon city

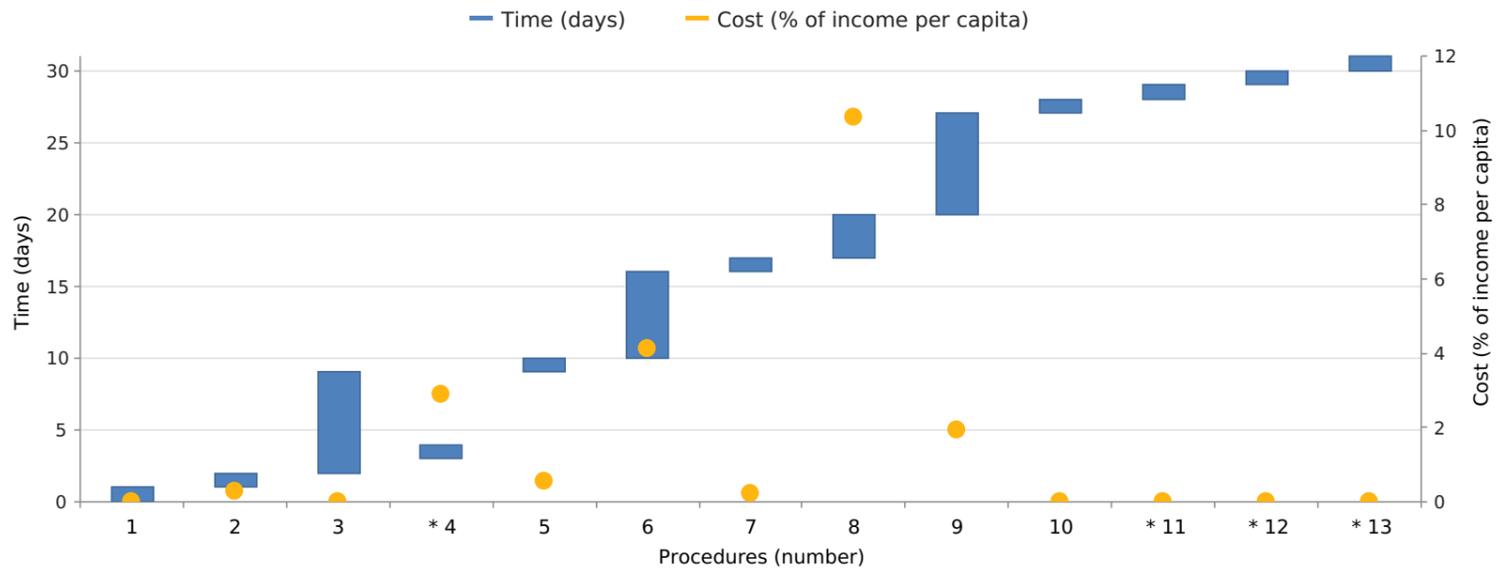
Indicator	Philippines	East Asia & Pacific	OECD high income	Best Regulatory Performance
Procedure - Men (number)	13	6.8	4.9	1 (New Zealand)
Time - Men (days)	31	25.9	9.3	0.5 (New Zealand)
Cost - Men (% of income per capita)	20.3	17.8	3.1	0.0 (Slovenia)
Procedure - Women (number)	13	6.9	4.9	1 (New Zealand)
Time - Women (days)	31	26.0	9.3	0.5 (New Zealand)
Cost - Women (% of income per capita)	20.3	17.8	3.1	0.0 (Slovenia)
Paid-in min. capital (% of income per capita)	2.8	4.0	8.6	0.0 (117 Economies)

Figure - Starting a Business in Philippines and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

Figure - Starting a Business in Philippines - Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Details - Starting a Business in Philippines - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p>Deposit the paid-in minimum capital at the bank <i>Agency</i> : Bank</p> <p>According to Section 13 of the Corporation Code, the paid-in minimum capital is 5,000 pesos. A certificate of capital deposit is not a requirement by the Securities and Exchange Commission (SEC) for company registration, but the deposit must be completed in order to abide by the applicable law.</p> <p>The required minimum paid-in capital is reflected in the Articles of Incorporation and supported by the Treasurer's Affidavit as provided under Section 14 of the Corporation Code. SEC requires a Treasurer's Affidavit stating that the deposit has been made in the corporation's treasurer-in-trust account.</p>	1 day	no charge
2	<p>Notarize articles of incorporation and treasurer's affidavit at the notary <i>Agency</i> : Notary</p> <p>According to Section 14 and 15 of the Corporation Code, articles of incorporation should be notarized before filing with the SEC. Under Section 15 of the Corporation Code, the Treasurer's Affidavit should also be notarized. The 2004 Rules on Notarial Practice require the presence of the person(s) who executed the document (Articles of Incorporation and Treasurer's Affidavit) before the notary public.</p>	1 day	PHP 500
3	<p>Apply for company incorporation and pre-registration for Taxpayer Identification Number (TIN), Social Security System (SSS), Philippine Health Insurance Company (PhilHealth) and Home Development Mutual Fund (Pag-ibig Fund) <i>Agency</i> : Securities and Exchange Commission</p> <p>To apply for company incorporation, the business founders must access https://crs.sec.gov.ph and fill in an application form. The availability of the company name can be verified by filing the application. The required documents are first submitted online and upon approval an email is sent to the applicant. The applicant must pay the required fees and provide the proof of payment. At this stage, the applicant must collect the certificate of registration and submit the original documents at SEC. The following documents are required for SEC registration:</p> <ol style="list-style-type: none"> Company name verification slip; Articles of incorporation (notarized) and by-laws; Treasurer's affidavit (notarized); Statement of assets and liabilities; Registration data sheet with particulars on directors, officers, stockholders, and so forth; Written undertaking to comply with SEC reporting requirements (notarized); Written undertaking to change corporate name (notarized). <p>The pre-registered Taxpayer Identification Number (TIN) is automatically obtained from SEC upon incorporation. However, the company must still register with the Bureau of Internal Revenue (BIR) in order to identify the applicable taxes, pay an annual registration fee and obtain an approval to print invoices and receipts. The company will also obtain a pre-registration with the Social Security System (SSS), the Philippine Health Insurance Company (PhilHealth) and the Home Development Mutual Fund (Pag-ibig Fund).</p>	7 days	included in procedure 4
⇒ 4	<p>Pay the registration fees <i>Agency</i> : Securities and Exchange Commission</p> <p>Once the business founder has applied for company incorporation online, SEC will issue the payment fees. The applicant must pay the name approval and registration fees at a bank and provide the proof of payment to the system.</p> <p>The costs to register a company are as follows:</p> <ul style="list-style-type: none"> - PHP 100 for name verification fee; - Filing fee of 1/5 of 1% of the authorized capital stock or the subscription price of the subscribed capital stock (whichever is higher but not less than PHP 1,000); - Legal research fee (LRF) equivalent to 1% of filing fee but not less than PHP 10; - PHP 1,000 for registration of bylaws; - PHP 150 + 320 for registration of stock and transfer book (STB) required for new corporations; - PHP 10 legal research fee for the bylaws. 	1 day (simultaneous with previous procedure)	see procedure details

5	<p>Obtain barangay clearance and pay the annual community tax <i>Agency</i> : Barangay (Local Authority)</p> <p>The company's founders must obtain a clearance and pay the annual community tax at the local Barangay (neighborhood).</p> <p>To obtain the Barangay clearance, the following documentary requirements should be submitted: Application form, SEC Certificate of Incorporation and approved articles of incorporation and bylaws, location plan/site map and the lease over the corporation's office.</p> <p>The clearance is obtained from the Barangay where the business is located. Barangay fees vary in each Barangay since they have the discretion to impose their own fees and charges as long as these fees are reasonable and within the limits set by the Local Government Code and city ordinances. In Quezon City, the fees range from PHP 300 to PHP 1000. The clearance is obtained in one day, provided that the Barangay captain is in the office as the captain is the only official authorized to sign.</p> <p>The community tax is paid at the same moment at the Barangay. The company is assessed a basic and an additional community tax. The basic community tax rate depends on whether the company legal form is a corporation, partnership, or association (PHP 500 or lower). The additional community tax (not to exceed PHP 10,000.00) depends on the assessed value of real property the company owns in the Philippines at the rate of PHP 2.00 for every PHP 5,000.00 and on its gross receipts, including dividends or earnings, derived from business activities in the Philippines during the preceding year, at the rate of PHP 2.00 for every PHP 5,000.00.</p>	1 day	PHP 500 for barangay clearance + PHP 500 for community tax
6	<p>Obtain a business permit <i>Agency</i> : Quezon City One-Stop Shop at the Business Permits and Licensing Office</p> <p>The founders of a new company must obtain a business permit from the local Municipality. The fees vary depending on the LGU issuing the permit. The rate of license fee imposed in Quezon City is 25% of 1% of the authorized capital stock. Other permits, such as location clearance, fire safety and inspection certificate, sanitary permit, certificate of electrical inspection, mechanical permit, and other clearances or certificates required depending on the nature of business, are also imposed. The rate of these fees depends on the nature of business and land area occupied by the proposed corporation.</p> <p>Cost: (PHP 2,408.05 business tax (25% of 1% of paid-up capital) + PHP 200 mayor's permit + PHP 150 sanitary inspection fee + PHP 50 signboard fee + PHP 300 business plate + PHP 100 QCBRB + PHP 545 zoning clearance + PHP 1,300 garbage fee+ PHP 300 FSIC (10% of all regulatory fees))</p>	6 days	see procedure details
7	<p>Buy special books of account at bookstore <i>Agency</i> : Bookstore</p> <p>Special books of accounts are required for registering with the BIR. The books of accounts are sold at bookstores nationwide. One set of journals consisting of four books (cash receipts account, disbursements account, ledger, general journal) costs about PHP 400.</p> <p>If the company has a computerized accounting system (CAS), it may opt to register its CAS under the procedures laid out in BIR Revenue Memorandum Order Nos. 21-2000 and 29-2002.</p> <p>The BIR Computerized System Evaluation Team is required to inspect and evaluate the company's CAS within 30 days from receipt of the application form (BIR Form No. 1900) and complete documentary requirements.</p>	1 day	PHP 400

8	Apply for Certificate of Registration (COR), TIN and approval to print receipts and invoices <i>Agency</i> : Bureau of Internal Revenue All newly formed corporations subject to SEC registration are issued pre-generated TIN, which is indicated on their SEC Certificate of Registration. The corporation only has to register its pre-generated TIN with the Bureau of Internal Revenue (BIR) and report all internal revenue taxes that it expects to be liable for. The requirements for application for Certificate of Registration (COR) with the BIR are: a. Duly accomplished and filled-out BIR Form No. 1903 (Application for Registration for Corporations); b. Payment Form (BIR Form No. 0605); c. SEC Certification of Incorporation; d. Articles of Incorporation and bylaws; e. Contract of Lease (with BIR Form No. 2000 and supporting BIR Payment Form as proof of payment of documentary stamp tax on the lease agreement); f. Documentary Stamp Tax Return (BIR Form No. 2000) on the original issuance of shares and Payment Form (for the DST payment); and g. Mayor's Permit/Business Permit Application (duly stamped received by the Business Licensing Division of the local government of Quezon City). At the moment of tax registration, the company also requires the authority to print receipts and pays the relevant fees, which are as follows: - PHP 100 (certification fee) and PHP 30 (documentary stamp tax for the certification, in loose form to be attached to Form 2303); - PHP 500 for the annual registration fee; - PHP 2.00 on every PHP 200 of the company's capital, for the documentary stamp tax on original issuance of shares of stock; - The documentary stamp tax on the lease contract is not included in the computation of the costs.	3 days	see procedure details
9	Print receipts and invoices at the print shop <i>Agency</i> : Bureau of Internal Revenue The cost is based on the following specifications of the official receipt: 1/2 bond paper (8 ½ x 5 ½ cm) in duplicate, black print, carbonless. The minimum print volume is 25 booklets.	7 days	PHP 3,500
10	Submit the Printer's Certificate of Delivery of Receipts and Invoices (PCD) and a sworn statement to the BIR <i>Agency</i> : Bureau of Internal Revenue After the printing of receipts and invoices, the printer issues a Printer's Certificate of Delivery of Receipts and Invoices (PCD) to the company, which must submit this to the appropriate BIR RDO (i.e., the RDO which has jurisdiction over the company's principal place of business) for registration and stamping within thirty (30) days from issuance. The company must also submit the following documents: a. All required books of accounts; b. VAT registration certificate; c. SEC registration; d. BIR Form W-5; e. Certified photocopy of the ATP; and f. Notarized taxpayer-user's sworn statement enumerating the responsibilities and commitments of the taxpayer-user. The company must also submit a copy of the PCD to the BIR RDO having jurisdiction over the printer's principal place of business.	1 day	no charge
⇒	Final Registration with the Social Security System (SSS)	1 day (simultaneous with previous procedure)	no charge
11	<i>Agency</i> : Social Security System To register with the SSS, the company must submit the following documents: a. Employer registration form (Form R-1); b. Employment report (Form R-1A); c. List of employees, specifying their birth dates, positions, monthly salary and date of employment; and d. Articles of incorporation, by-laws and SEC registration. Upon submission of the required documents, the SSS employer and employee numbers will be released. The employees may attend an SSS training seminar after registration. SSS prefers that all members go through such training so that each member is aware of their rights and obligations.	1 day (simultaneous with previous procedure)	no charge

12	<p>Final registration with the Philippine Health Insurance Company (PhilHealth) <i>Agency</i> : Philippine Health Insurance Corporation To register with PhilHealth, the company must submit the following documents:</p> <ol style="list-style-type: none"> Employer data record (Form ER1); Report of employee-members (Form ER2); SEC registration; BIR registration; and Copy of business permit. <p>Upon submission of the required documents, the company shall get the receiving copy of all the forms as proof of membership until PhilHealth releases the employer and employee numbers within three months.</p>	1 day (simultaneous with previous procedure) no charge
13	<p>Final registration with Home Development Mutual Fund (Pag-ibig) <i>Agency</i> : Home Development Mutual Fund To register with the HDMF, the corporation must submit the following documents:</p> <ol style="list-style-type: none"> Employer's Data Form (EDF [FPF040]); Specimen Signature Form (SSF[FPF170]); Copy of SEC Certificate of Incorporation; Copy of Approved Articles of Incorporation and By-laws; and Board Resolution or Secretary's Certificate indicating the duly designated Authorized Representative. <p>Upon submission of the complete documents and payment of the first contribution to the fund, the Pag-IBIG will issue the HDMF number and the HDMF Certificate of Registration.</p>	1 day (simultaneous with previous procedure) no charge

→ Takes place simultaneously with previous procedure.

Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in May 2018. [See the methodology for more information](#)

What the indicators measure	Case study assumptions
<p>Procedures to legally build a warehouse (number)</p> <ul style="list-style-type: none"> • Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates • Submitting all required notifications and receiving all necessary inspections • Obtaining utility connections for water and sewerage • Registering and selling the warehouse after its completion 	<p>To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.</p>
<p>Time required to complete each procedure (calendar days)</p> <ul style="list-style-type: none"> • Does not include time spent gathering information • Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule • Procedure is considered completed once final document is received • No prior contact with officials 	<p>The construction company (BuildCo):</p> <ul style="list-style-type: none"> - Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city. - Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts. - Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.
<p>Cost required to complete each procedure (% of income per capita)</p> <ul style="list-style-type: none"> • Official costs only, no bribes 	<p>The warehouse:</p> <ul style="list-style-type: none"> - Will be used for general storage activities, such as storage of books or stationery. - Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita. - Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures. - Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).
<p>Building quality control index (0-15)</p> <ul style="list-style-type: none"> • Quality of building regulations (0-2) • Quality control before construction (0-1) • Quality control during construction (0-3) • Quality control after construction (0-3) • Liability and insurance regimes (0-2) • Professional certifications (0-4) 	<p>The water and sewerage connections:</p> <ul style="list-style-type: none"> - Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built. - Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day. - Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.

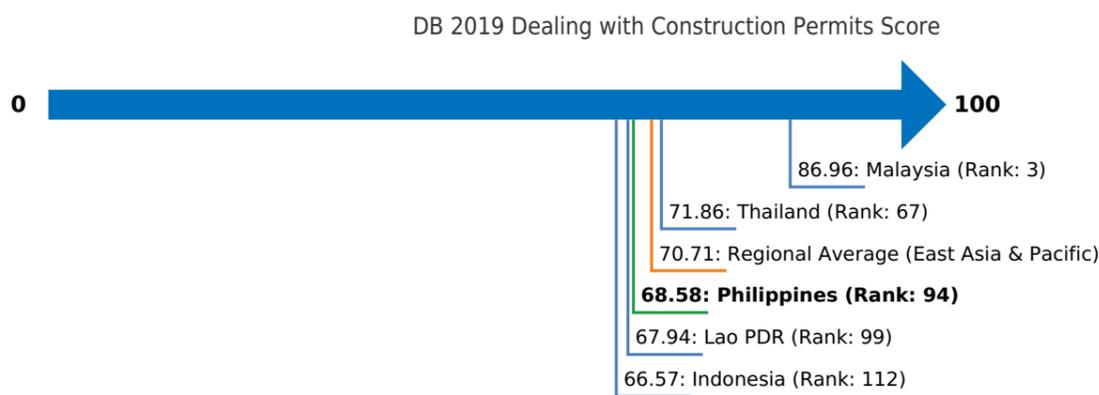
Dealing with Construction Permits - Philippines

Standardized Warehouse

Estimated value of warehouse	PHP 9,069,474.80
City Covered	Quezon city

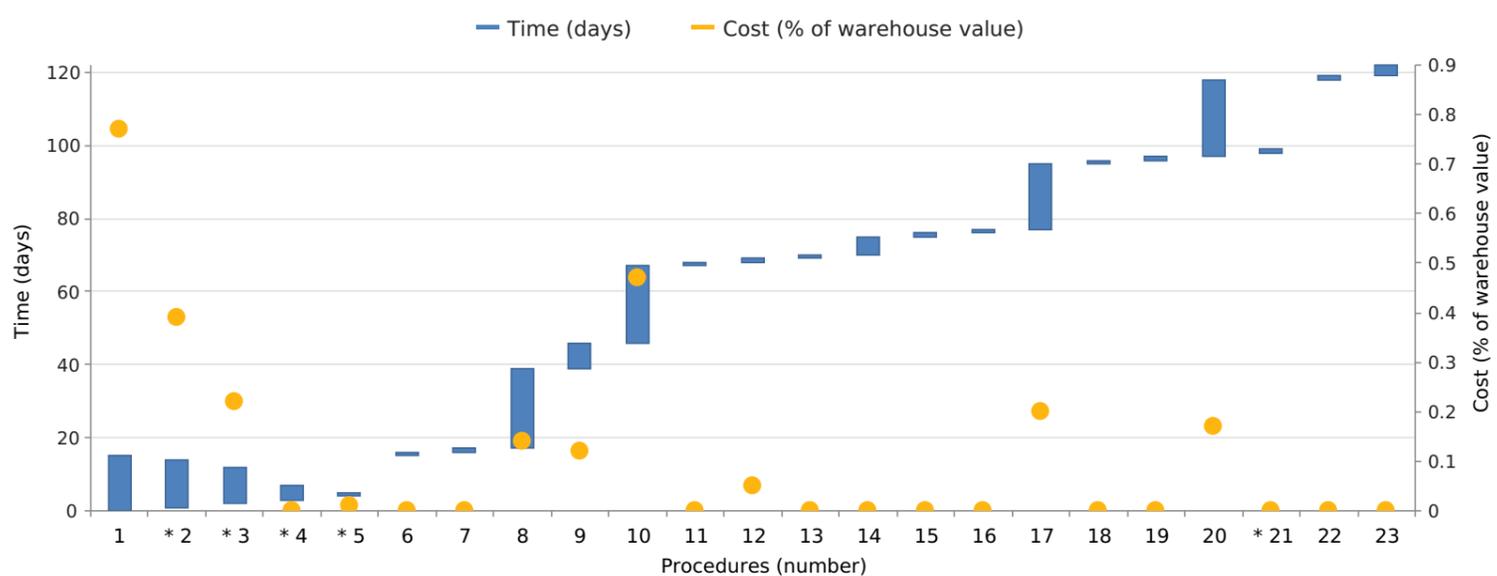
Indicator	Philippines	East Asia & Pacific	OECD high income	Best Regulatory Performance
Procedures (number)	23	15.1	12.7	None in 2017/18
Time (days)	122	133.5	153.1	None in 2017/18
Cost (% of warehouse value)	2.5	1.9	1.5	None in 2017/18
Building quality control index (0-15)	13.0	9.1	11.5	15.0 (3 Economies)

Figure - Dealing with Construction Permits in Philippines and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their scores for dealing with construction permits. These scores are the simple average of the scores for each of the component indicators.

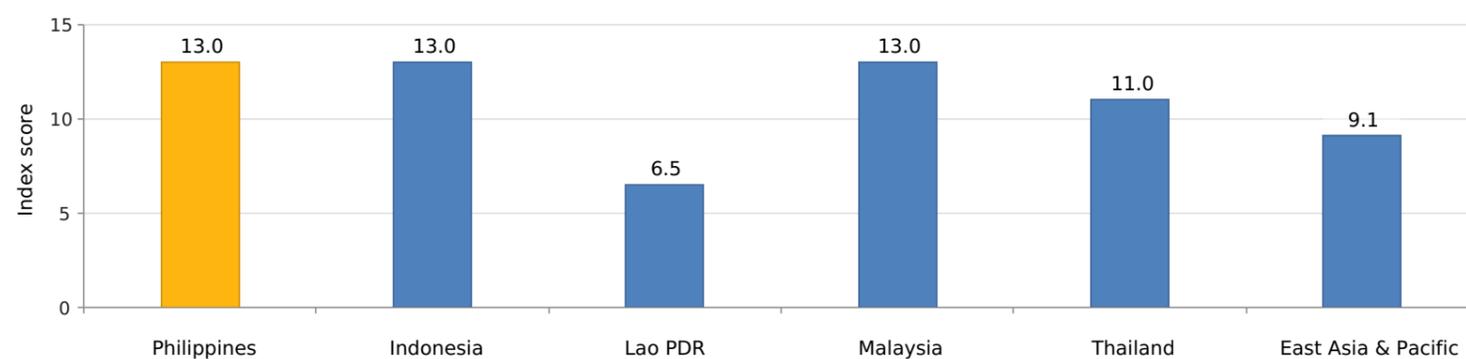
Figure - Dealing with Construction Permits in Philippines - Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Dealing with Construction Permits in Philippines and comparator economies - Measure of Quality



Details - Dealing with Construction Permits in Philippines - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p>Obtain a Geotechnical study / Soil test Agency : Private firms BuildCo will request a soil test for the structural calculations for the foundation.</p> <p>While the soil test is not required by law, it is done in practice as it is used for the structural calculations for the foundation.</p>	15 days	PHP 70,000
⇒ 2	<p>Obtain a Topographical / Geodetic Survey Agency : Private firms Topographic Surveys are used to identify and map the contours of the land plot. Its purpose is to serve as a base map for the design of a building. It also shows the boundary lines and is used by designers to accurately show the required setbacks. It is used for the site plan, which is a mandatory requirement for all construction.</p>	13 days	PHP 35,000
⇒ 3	<p>Obtain lot plan with site map from the geodetic engineer Agency : Geodetic Engineer BuildCo must obtain the lot plan with a site map from a geodetic engineer to confirm the location of the land purported to be in the land title. The lot plan with a 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.</p>	10 days	PHP 20,000
⇒ 4	<p>Obtain certified true copy of the land title from the Register of Deeds (RD) Agency : Register of Deeds (RD) The certified true copy of the land title serves as proof of ownership of the land on which the warehouse is to be built. In order to obtain the copy, BuildCo must visit the Registry of Deeds to fill out an application and show an ID card. After paying a processing fee, a receipt is produced which is presented when returning to collect the Certified True Copy of the Land Title.</p>	4 days	PHP 235
⇒ 5	<p>Obtain barangay clearance Agency : Barangay The barangay clearance is generally a requirement for obtaining a water connection and is usually requested at this stage of construction, before applying for a location clearance. The costs for barangay clearances vary as barangays have the discretion to impose their own fees for as long as such fees are reasonable and within the limits imposed by the Local Government Code and city ordinances.</p> <p>The following documents must be submitted:</p> <ol style="list-style-type: none"> 1. Certified true copy of the land title 2. Blueprint copy of the building plans 3. Authorization from the company 4. Photocopy of IDs of authorized representative 	1 day	PHP 500

6	<p>Apply for the locational clearance at the City Planning and Development Office (CPDO)</p> <p><i>Agency</i> : City Planning and Development Office (CPDO)</p> <p>The locational clearance is required to ensure that the construction conforms to the city's Comprehensive Land Use Plan and zoning ordinances.</p> <p>By virtue of E.O. 11, S-2017 the Quezon City One Stop HSop for Construction Permits receives and processes the locational clearance.</p> <p>BuildCo must submit the following documents, in addition to the application form:</p> <ol style="list-style-type: none"> a. Certified true copy of the land title b. Real estate tax receipt and bill (current year) c. Lease contract/ward notice, deed of sale, memorandum of agreement or joint venture agreement (if applicable) d. Authority to sign (corporate secretary's affidavit) e. Affidavit of consent to construct / special power of attorney f. Barangay clearance g. Location plan h. Architectural plans (2 sets, signed and sealed) i. Site Development Plan showing parking layout j. Long folder 	1 day	PHP 200
7	<p>Receive inspection for the locational clearance from the CPDO</p> <p><i>Agency</i> : City Planning and Development Office (CPDO)</p>	1 day	no charge
8	<p>Obtain the locational clearance from the CPDO</p> <p><i>Agency</i> : City Planning and Development Office (CPDO)</p> <p>BuildCo pays the locational clearance fee at the City Treasurer's Office (CTO) and obtains the locational clearance at the CPDO.</p>	22 days	PHP 13,006
9	<p>Apply and obtain fire safety evaluation clearance (FSEC) from the local Fire Marshall at the Bureau of Fire Protection (BFP)</p> <p><i>Agency</i> : Quezon City Fire Marshall - Bureau of Fire Protection (BFP)</p> <p>The City Fire Marshall evaluates one set of plans and specifications submitted by the applicant to ensure that they conform to the fire safety and control requirements of the Fire Code. Three sets of the architectural plans must be stamped and approved by the Quezon City Fire Marshall.</p> <p>The following documents must be submitted:</p> <ol style="list-style-type: none"> 1. Building Plans (5 sets) 2. Bill of Materials 3. Locational Clearance 	7 days	PHP 11,055

10	<p>Apply and obtain the building permit and ancillary permits at the Office of the Building Official (OBO)</p> <p><i>Agency</i> : Office of the Building Official (OBO)</p> <p>The ancillary permits consist of:</p> <ul style="list-style-type: none"> • The architectural permit • Civil/structural permit • Electrical permit • Mechanical permit • Sanitary permit • Plumbing permit • Electronics permit • Fire Safety Clearance, Barangay Clearance, bill of materials, ECC, PTR & PRC of professionals <p>The applicant must submit the following requirements:</p> <ul style="list-style-type: none"> • Certified true copy of Original Certificate of Title (OCT)/TCT on file with the Registry of Deeds • Building permit application form • 3 sets of survey plans, design plans, specifications and other related documents (i.e., architectural documents, civil/structural documents, electrical documents, mechanical documents, sanitary documents, plumbing documents, electronics documents, geodetic documents, and clearances from other agencies) • Locational clearance from the CPDO <p>If the sets of documents are complete, an acknowledgement/follow-up slip (AFS) is issued to the applicant. 10 workings after, the applicant will receive a order of payment (OP) is obtained from the Releasing Section of the DBO. Payment is made at the cashier of the Quezon City Treasurer's Office. The official receipt (O.R.) of the permit fees is then submitted to the Releasing Section of DBO. The building permit will then be issued 5 working after submitting the proof of payment.</p> <p>Based on Articles 26 and 27 of the Revenue Code, the fees are as follows:</p> <ul style="list-style-type: none"> - Building permit fees: PHP 37,038.5 - Electrical permit: PHP 2,800.6 - Plumbing permit: PHP 1,542 - Excavation/sanitary permit: PHP 1,662 	21 days	PHP 43,043
11	<p>Receive inspection from the BFP during construction</p> <p><i>Agency</i> : Quezon City One Stop Shop for Construction Permits</p> <p>The BFP conducts an inspection during construction to ensure that the plans and fire safety precautions are observed.</p>	1 day	no charge
12	<p>Apply for the fire safety inspection certificate (FSIC) at the BFP</p> <p><i>Agency</i> : Quezon City One Stop Shop for Construction Permits</p> <p>Once construction has been completed, BuildCo requests the BFP to inspect the site to certify that the required fire safety construction, fire protective and/or warning systems are properly installed and in good working condition.</p>	1 day	PHP 4,304
13	<p>Receive final inspection for the FSIC from the BFP</p> <p><i>Agency</i> : Quezon City One Stop Shop for Construction Permits</p>	1 day	no charge
14	<p>Obtain the FSIC from the BFP</p> <p><i>Agency</i> : Quezon City One Stop Shop for Construction Permits</p>	5 days	no charge

15	<p>Apply for the certificate of occupancy at the OBO <i>Agency : Office of the Building Official (OBO)</i> In order to apply for a certificate of occupancy, BuildCo must submit the following to the OBO:</p> <p>A. Clearances/Certificates/Legal Documents</p> <ol style="list-style-type: none"> 1. Fire Safety Inspection Certificate (original + 2 photocopies) 2. Locational Clearance (3 photocopies) 3. Approved Building Permit (3 photocopies, present original if it has no bar code) 4. Approved Sanitary Permit (3 photocopies) 5. Certificate of Electrical Inspection (CEI) or Approved Electrical Permit (3 copies) w/ CEI Application Forms (2 copies) 6. Approved Mechanical Permit (3 photocopies) 7. Corporate Secretary's Certification of Board Resolution Authorizing Signatory (if Corporation/notarized original copy + 2 photocopies) <p>Technical Documents (form must be duly accomplished, wet signed & dry sealed by the professional and signed by the owner/s)</p> <ol style="list-style-type: none"> 1. Certificate of Completion (for the Structure/2 copies wet signed and dry sealed) 2. Certificate of Completion of Mechanical & Request for Inspection (especially if under Green Building Ordinance / 2 copies, wet signed & dry sealed) 3. Two (2) photocopies each of valid PRC IDs & current PTRs with seal and specimen signatures of the professional in blue ink. <p>Supporting Document/s (signed and sealed by professionals)</p> <ol style="list-style-type: none"> 1. Construction Logbook <p>BuildCo must also present the Tax Declaration to the OBO as a condition for the release of the occupancy permit.</p> <p>All documents should be signed and sealed by the architect or engineer who undertook the full-time inspection and supervision of the construction.</p>	1 day	no charge
16	<p>Receive final inspection for the certificate of occupancy from the OBO <i>Agency : Office of the Building Official (OBO)</i> The OBO conducts a final inspection to check the building based on the certificate of completion, construction logbook, building inspection sheets, and original and as-built plans and specifications.</p>	1 day	no charge
17	<p>Obtain the certificate of occupancy from the OBO <i>Agency : Office of the Building Official (OBO)</i> After the OBO has processed the application and conducted the inspection, it then issues an assessment and order of payment. The OBO issues the certificate of occupancy after the applicant has paid the corresponding fees.</p>	18 days	PHP 17,688
18	<p>Apply for water and sewage connection <i>Agency : Manila Water</i> There are two private water providers for Quezon City. Maynilad services the west zone and Manila Water services the east zone. An inspection takes place within a week and the connection is completed some days after the inspection. The case study assumes that BuildCo will request water from Manila Water as this is the most favorable option.</p> <p>The required documents are:</p> <ol style="list-style-type: none"> 1. Proof of Ownership 2. Barangay Clearance 3. Company TIN 4. Valid ID 5. Excavation permit (If advised by the implementing Manila Water business center) 	1 day	no charge
19	<p>Receive inspection for water and sewage connection <i>Agency : Manila Water</i></p>	1 day	no charge
20	<p>Obtain water and sewage connection <i>Agency : Manila Water</i></p>	21 days	PHP 15,000

⇒ 21	Apply for the tax declaration of improvement at the City Assessor's Office (CAO)	1 day	no charge
<p><i>Agency</i> : City Assessor's Office (CAO)</p> <p>BuildCo must update its official records to include the newly built warehouse for tax purposes. The OBO furnishes the CAO with a copy of the building plan and certificate of occupancy to notify them of the new building construction. BuildCo must submit the floor plan and as-built plan to the CAO.</p> <p>Ordinance No. 2361, series of 2014 entitled: "An Ordinance Requiring All Persons Acquiring Real Property in Quezon City or Making Improvements Thereon to Declare and File a Sworn Statement to the Office of the City Assessor for Real Property Taxation Purposes Such Property Within Sixty (60) Days After Its Acquisition or Upon Completion/Occupancy or Installation of Machineries Whichever Comes First and Imposing Penalties for Violation Thereof" was adopted on 23 December 2014. According to the legislation, the filing of the sworn statement declaring the true value of the property must be done within 60 days after: (a) the date of the final deed of sale, contract or other deed of conveyance; or (b) the date of completion or occupancy of the newly constructed building, house or improvements; or (c) the date of completion or occupancy of any expansion, renovation, or additional structures or improvements; or (d) the date of installation of machinery. Any property owner who fails to comply with the new ordinance will be penalized with a fine of PHP 2,000.00.</p>			
22	Receive inspection from the appraiser of CAO	1 day	no charge
<p><i>Agency</i> : City Assessor's Office (CAO)</p>			
23	Obtain the tax declaration of improvement from the CAO	3 days	no charge
<p><i>Agency</i> : City Assessor's Office (CAO)</p> <p>The tax declaration of improvement is released after an appraiser inspects the property.</p>			

⇒ Takes place simultaneously with previous procedure.

Details - Dealing with Construction Permits in Philippines - Measure of Quality

	Answer	Score
Building quality control index (0-15)		13.0
Quality of building regulations index (0-2)		2.0
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Fees to be paid; Required preapprovals.	1.0
Quality control before construction index (0-1)		1.0
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed architect; Licensed engineer.	1.0
Quality control during construction index (0-3)		2.0
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Inspections by in-house engineer; Inspections at various phases.	1.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are always done in practice.	1.0
Quality control after construction index (0-3)		3.0
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency; Yes, in-house engineer submits report for final inspection.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection always occurs in practice.	1.0
Liability and insurance regimes index (0-2)		2.0
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	Architect or engineer; Professional in charge of the supervision; Construction company; Owner or investor.	1.0
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	No party is required by law to obtain insurance .	1.0
Professional certifications index (0-4)		3.0

What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)

Minimum number of years of experience; University degree in architecture or engineering; Being a registered architect or engineer; Passing a certification exam. 2.0

What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)

University degree in engineering, construction or construction management; Being a registered architect or engineer; Passing a certification exam. 1.0

⚡ Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure

Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- Value added tax excluded

The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0-3)
- Tools to monitor power outages (0-1)
- Tools to restore power supply (0-1)
- Regulatory monitoring of utilities' performance (0-1)
- Financial deterrents limiting outages (0-1)
- Transparency and accessibility of tariffs (0-1)

Price of electricity (cents per kilowatt-hour)*

- Price based on monthly bill for commercial warehouse in case study

*Note: *Doing Business* measures the price of electricity, but it is not included in the ease of doing business score nor the ranking on the ease of getting electricity.

Case study assumptions

To make the data comparable across economies, several assumptions about the warehouse, the electricity connection and the monthly consumption are used.

The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

The monthly consumption:

- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in January of the current year are used for calculation of the price of electricity for the warehouse. Although January has 31 days, for calculation purposes only 30 days are used.

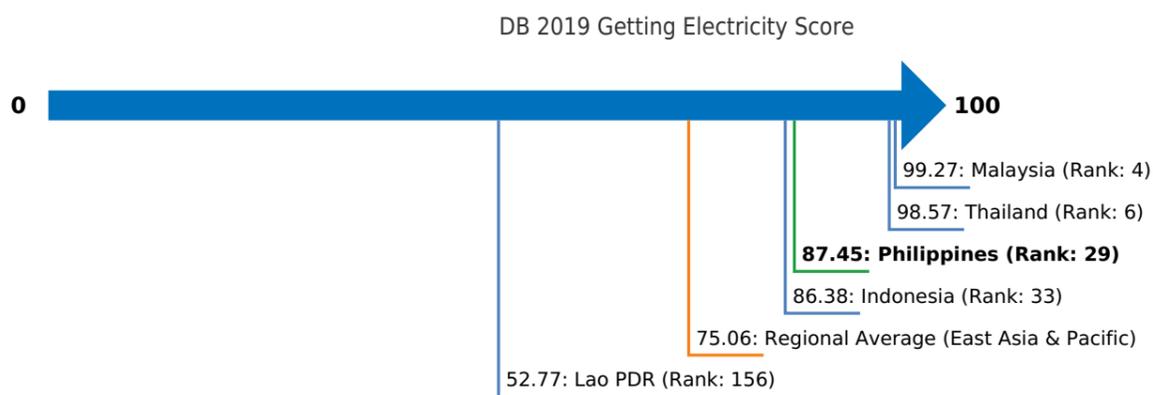
Getting Electricity - Philippines

Standardized Connection

Price of electricity (US cents per kWh)	16.4
Name of utility	MERALCO
City Covered	Quezon city

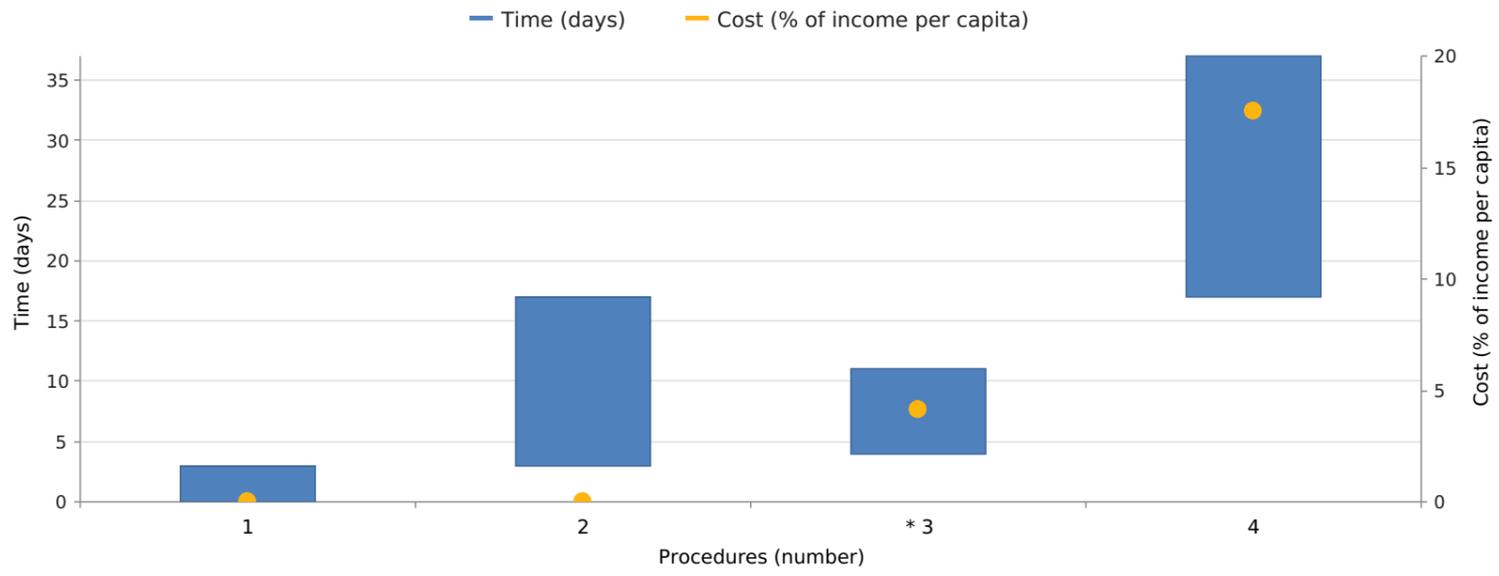
Indicator	Philippines	East Asia & Pacific	OECD high income	Best Regulatory Performance
Procedures (number)	4	4.3	4.5	3 (25 Economies)
Time (days)	37	65.0	77.2	18 (3 Economies)
Cost (% of income per capita)	21.7	625.1	64.2	0.0 (3 Economies)
Reliability of supply and transparency of tariff index (0-8)	6	4.0	7.5	8.0 (27 Economies)

Figure - Getting Electricity in Philippines and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting electricity is determined by sorting their scores for getting electricity. These scores are the simple average of the scores for all the component indicators except the price of electricity.

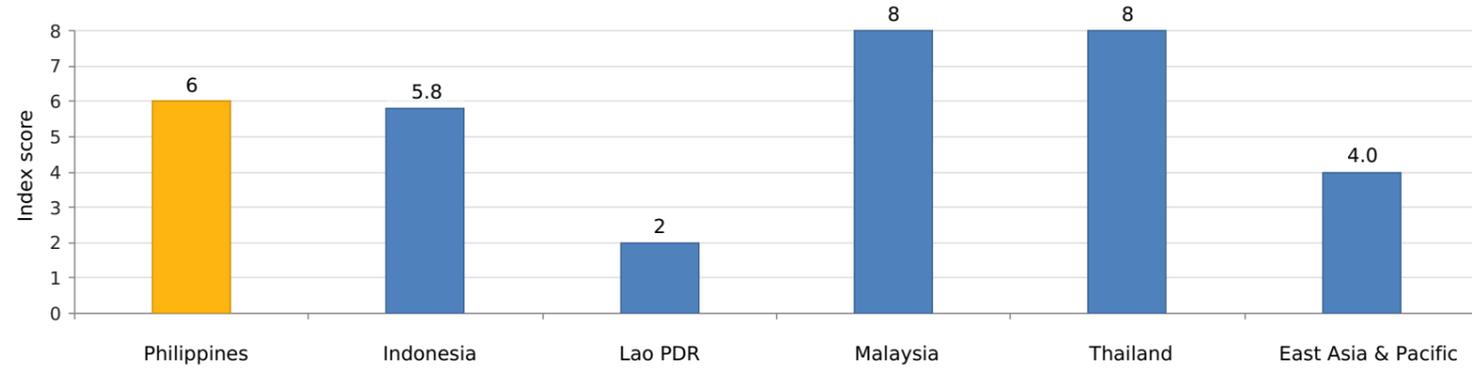
Figure - Getting Electricity in Philippines - Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Getting Electricity in Philippines and comparator economies - Measure of Quality



Details - Getting Electricity in Philippines - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p>Submit application to MERALCO and await site inspection <i>Agency : MERALCO</i> Customers apply for a new connection - and submit their requirements - online (https://www.meralco.com.ph/apply). Upon receipt, Meralco will review the application. The following one or two business days, an engineer will be sent for a site inspection. The engineer will just survey the site to check and approve the service entrance</p> <p>Initial requirement to start the Service Application Process</p> <ul style="list-style-type: none"> - Formal request letter - Complete service application form - Electrical Plan signed & sealed by Professional Electrical Engineer (load schedule, list of loads, single line diagram, location sketch) <p>Other requirements before contracting</p> <ul style="list-style-type: none"> - Wiring Permit (Original/Meralco Copy for issuance of meter base) - Valid ID card with picture (Driver's license, GSIS ID, SSS ID, Passport, TIN Card, Firearm's License, Philhealth ID, PRC License, Original NBI Clearance, Pag-ibig ID) - TIN Card / BIR Certificate of Registration - SEC Registration with Articles of Incorporation or DTI Registration - Company's Latest General Information Sheet (GIS) - Secretary's Certificate - Contract of Lease / Transfer Certificate Title (TCT) / Deed of Sale / Condominium Title Certificate (CTC) / Contract to Sell - Depending on the nature of your business and location, a PEZA or BOI Certification for Zero VAT Rating <p>Other requirements before energization</p> <ul style="list-style-type: none"> -CFEI -Payment of service deposit 	3 calendar days	PHP 0
2	<p>Receive site visit from MERALCO and await approval <i>Agency : MERALCO</i> An engineer from Meralco comes on site to perform a feasibility study is and approve the connection request. The applicant's contractor will typically be present.</p> <p>Back in the office, an engineer from Design Office in Meralco will prepare the design of facilities to serve the application and another one to prepare the electric service contract between Meralco and the customer. The contract can be sent electronically or through email - which serves as the approval of the service.</p>	14 calendar days	PHP 0
⇒ 3	<p>Request and receive certificate of final electrical inspection (CFEI) from Quezon City <i>Agency : Quezon City</i> A Certificate of final electrical Inspection (CFEI) must be obtained from Quezon City. This is done once the electrical installations are complete. As part with the application for CFEI to the city, the engineer in-charge of the installation must sign and submit the "Completion Certificate of Electrical Installation".</p> <p>Within a maximum of seven working days and if the electrical installation is found to be in conformity with the approved electrical permit and with the approved electrical plans, the CFEI will be released.</p>	7 calendar days	PHP 7,500
4	<p>Submit inspection certificate to MERALCO and await final connection <i>Agency : MERALCO</i> Once the feasibility study is completed and approved by MERALCO, the client needs to pay the project deposit at MERALCO's business center. After this, MERALCO can begin the installation of the power service connection and metering. The project cost is shouldered by MERALCO through the Customer Allocation Budget.</p> <p>The security deposit charged can be refunded to the customer, including accumulated interest, upon the termination of the service contract or if the account is transferred to another owner. Interest rates fluctuate with the current central bank rate and are accrued to the account. However, based on the issuance of the Distribution Services and Open Access Rules, which contains the "Early Refund Policy", customers who pay their on time for 3 consecutive years can get a full refund prior to the termination of their service.</p>	20 calendar days	PHP 31,772.85

⇒ Takes place simultaneously with previous procedure.

Details - Getting Electricity in Philippines - Measure of Quality

	Answer
Reliability of supply and transparency of tariff index (0-8)	6
Total duration and frequency of outages per customer a year (0-3)	2
System average interruption duration index (SAIDI)	3.9
System average interruption frequency index (SAIFI)	3.2
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	5.0
Mechanisms for monitoring outages (0-1)	1
Does the distribution utility use automated tools to monitor outages?	Yes
Mechanisms for restoring service (0-1)	1
Does the distribution utility use automated tools to restore service?	Yes
Regulatory monitoring (0-1)	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
Financial deterrents aimed at limiting outages (0-1)	1
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	Yes
Communication of tariffs and tariff changes (0-1)	0
Are effective tariffs available online?	Yes
Link to the website, if available online	http://www.meralco.com.ph/consumer-information/rates-archive
Are customers notified of a change in tariff ahead of the billing cycle?	No

Note:

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

Registering Property

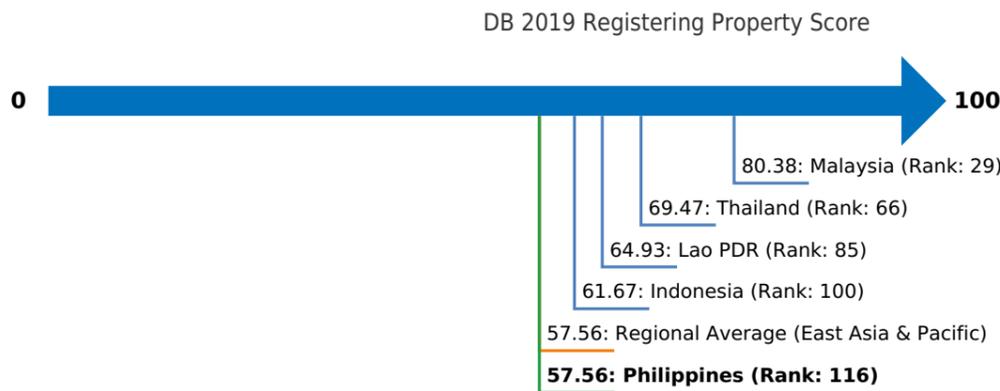
This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p>Procedures to legally transfer title on immovable property (number)</p> <ul style="list-style-type: none"> • Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes) • Registration procedures in the economy's largest business city. • Postregistration procedures (for example, filling title with municipality) 	<p>To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.</p>
<p>Time required to complete each procedure (calendar days)</p> <ul style="list-style-type: none"> • Does not include time spent gathering information • Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule • Procedure is considered completed once final document is received • No prior contact with officials 	<p>The parties (buyer and seller):</p> <ul style="list-style-type: none"> - Are limited liability companies (or the legal equivalent). - Are located in the periurban area of the economy's largest business city. For 11 economies the data are also collected for the second largest business city. - Are 100% domestically and privately owned. - Have 50 employees each, all of whom are nationals. - Perform general commercial activities.
<p>Cost required to complete each procedure (% of property value)</p> <ul style="list-style-type: none"> • Official costs only (such as administrative fees, duties and taxes). • Value Added Tax, Capital Gains Tax and illicit payments are excluded 	<p>The property (fully owned by the seller):</p> <ul style="list-style-type: none"> - Has a value of 50 times income per capita, which equals the sale price. - 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 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety. - Will not be subject to renovations or additional construction 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, and no other party holds a legal interest in it.
<p>Quality of land administration index (0-30)</p> <ul style="list-style-type: none"> • Reliability of infrastructure index (0-8) • Transparency of information index (0-6) • Geographic coverage index (0-8) • Land dispute resolution index (0-8) • Equal access to property rights index (-2-0) 	

Registering Property - Philippines

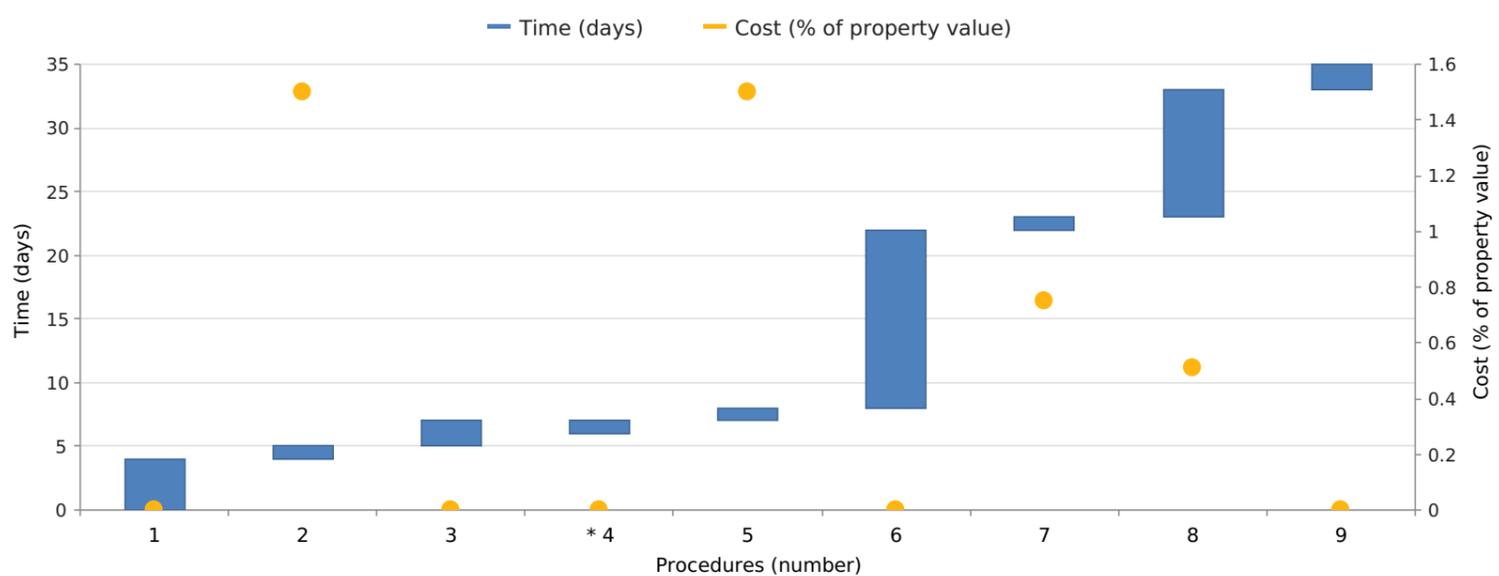
Indicator	Philippines	East Asia & Pacific	OECD high income	Best Regulatory Performance
Procedures (number)	9	5.4	4.7	1 (4 Economies)
Time (days)	35	72.6	20.1	1 (New Zealand)
Cost (% of property value)	4.3	4.5	4.2	0.0 (Saudi Arabia)
Quality of the land administration index (0-30)	12.5	16.3	23.0	None in 2017/18

Figure - Registering Property in Philippines and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of registering property is determined by sorting their scores for registering property. These scores are the simple average of the scores for each of the component indicators.

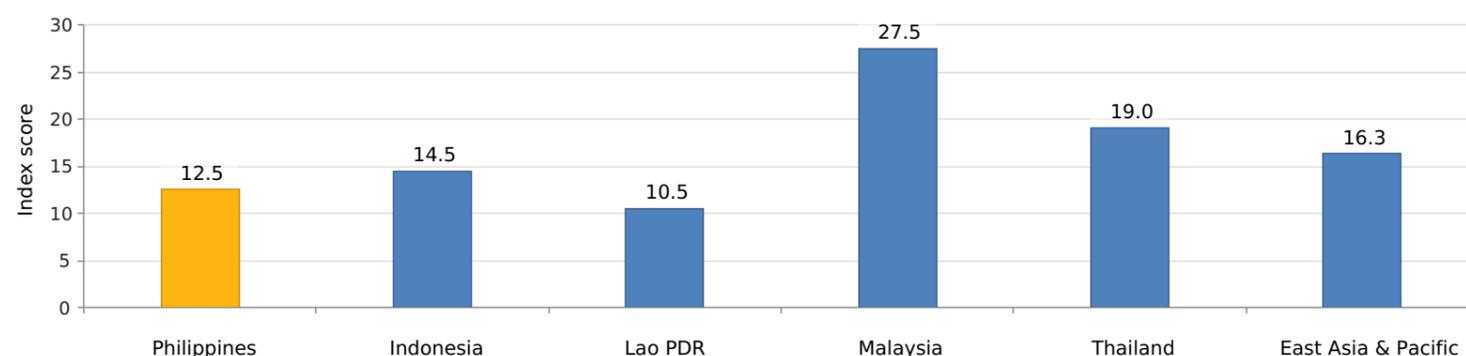
Figure - Registering Property in Philippines - Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Registering Property in Philippines and comparator economies - Measure of Quality



Details - Registering Property in Philippines - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p>Check against encumbrances and obtain certified true copy of the land title from the Register of Deeds (RD)</p> <p><i>Agency : Register of Deeds</i></p> <p>The lawyer goes to the Registry of Deeds, fills out an application that includes the property title number and the name of the owner, and shows his ID card. Upon paying the processing fees, the lawyer is given a receipt which he must present when returning to collect the Certified True Copy of the land title.</p>	4 days	PHP 444.16; (PHP 209 for checking against encumbrances and PHP 235.16 for obtaining the true copy of the land title. The value of 235.16 is divided as follows: PHP 36 for the certificate + PHP 6 per additional page of the certificate (usually 1 additional page) + PHP 160.97 IT fee + PHP 32.19 per additional page of the IT fees (usually 1 additional page).)
2	<p>Prepare the notarized deed of sale and related documents</p> <p><i>Agency : Notary</i></p> <p>While the deed of sale can be prepared by anyone, it must be executed before and notarized by a notary public. In many instances, the notary public drafts the deed of sale and conducts the whole process on behalf of the parties. In addition to the deed of sale, the Register of Deeds also requires both the buyer and the seller to submit notarized secretary's certificates containing the resolution of their board of directors approving the sale. The buyer must also produce a certificate from the Securities and Exchange Commission (SEC) stating that its articles of incorporation have been registered with the SEC.</p>	1 day	PHP 136,042.12; (1 - 2% property value for notarization)
3	<p>Obtain tax clearance certificate of real property taxes from the Land Tax Division of the City Treasurer's Office (CTO)</p> <p><i>Agency : Real Estate Tax Division of the City Treasurer's Office</i></p> <p>The seller, after paying any arrears, obtains a tax clearance certificate from the CTO. The documentation shall include: (1) an original of the official receipt evidencing payment by seller of realty taxes; (2) certified true copy of latest tax declarations for each of the land and the warehouse; (3) photocopy of official receipt for payment of real property tax for each of the land and the warehouse for the immediately preceding year. Note: Separate tax clearance for real property tax should be obtained for the land and the warehouse</p>	2 days	PHP 115; (PHP 115 (PHP 50 for tax clearance of land and PHP 50 for real estate clearance plus PHP 15 for documentary stamp tax))
⇒ 4	<p>Obtain certified true copy of latest tax declaration and certificate of "with improvement" from the City Assessor's Office (CAO)</p> <p><i>Agency : City Assessor's Office</i></p> <p>The seller obtains a certified true copy of the latest tax declaration and a certificate of "with improvement" from the City Assessor's Office of Quezon City.</p>	1 day	PHP 250; (PHP 250 (PHP 50 per RPU (1 land RPU and 1 Building RPU) + PHP 90 for certificate of "with improvement" + PHP 60 (PHP 20 per documentary stamp tax (3 documents)))

5	<p>Pay documentary stamp tax and final capital gains tax for the transfer of real property</p> <p><i>Agency</i> : Authorized Agent Bank (AAB)</p> <p>The seller or the buyer (based on their agreement) files the Documentary Stamp Tax return and Capital Gains Tax return with the authorized agent bank. This is done within 5 days after the close of the month when the taxable document was signed or within 30 days after the sale, whichever is earlier. The taxes are paid at the authorized bank to the account of the Bureau of Internal Revenue.</p> <p>The Creditable Withholding Tax at the rate of 6%.</p> <p>The Documentary Stamp Tax is 1.5% based on selling price or fair market value, whichever is higher. The buyer should file CWT and pay the CWT at the rate stated above no later than 10 days after the end of the month when the withholding tax was withheld, except for taxes withheld in December for which the deadline is on January 15 of the following year.</p> <p>The documentation shall include:</p> <ul style="list-style-type: none"> • Original copy and photocopy of notarized deed of sale of building (obtained in Procedure 1) • Certified true copy of transfer certificate of title (in the name of seller) • Certified true copy of latest tax declaration (in the name of seller) (obtained in Procedure 2) • Photocopy of the latest realty tax receipt • Letter-request • Identification card of the person requesting 	1 day	PHP 136,042.12; (1.5% of property value (Documentary Stamp Tax))
6	<p>Obtain Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)</p> <p><i>Agency</i> : Bureau of Internal Revenue (BIR)</p> <p>The Certificate Authorizing Registration (CAR) is a certification issued by the BIR that the transfer and conveyance of the property was reported and the taxes due have been fully paid.</p> <p>The taxpayer/applicant must submit the following documents to the BIR:</p> <ol style="list-style-type: none"> a. Tax identification number (TIN) of seller and buyer; b. Notarized deed of absolute sale/document of transfer, but only photocopied document shall be retained by the BIR; c. Certified true copy of the latest tax declaration issued by the City Assessor's Office for the land and improvement applicable to the taxable transaction; d. Owner's copy (for presentation purposes only) and photocopy (for authentication) of the Original Certificate of Title (OCT), or the certified true copy of the Transfer Certificate of Title (TCT); e. Sworn declaration of "with Improvement" by at least one (1) of the parties, or certificate of "with Improvement" issued by the City Assessor's Office. f. Official Receipt issued by the Notary Public who notarized the deed of sale <p>All documents submitted must also include 2 photocopies. The Certificate Authorizing Registration that will be released will be accompanied by the following documents: The Original copy of the Deed of Absolute Sale stamped received by the BIR 2000 (DST) stamped received by the BIR Applicant accomplishes BIR forms 2000-OT and 1706 for DST and CWT respectively, based on the ONETT computation sheets prepared by the BIR ONETT team. The applicant files the DST return and CGT return and pays the taxes at the AAB of the Revenue District Office. Upon receipt of proof of tax payment from the taxpayer/applicant, the BIR immediately issues a claim slip.</p>	14 days	PHP 115; (PHP 115 (PHP 100 certification fee + PHP 15 documentary tax))
7	<p>Pay the transfer tax at the CTO</p> <p><i>Agency</i> : Real Estate Tax Division of the City Treasurer's Office</p> <p>The transfer tax must be paid at the CTO not later than 60 days from the date of execution of the Deed of Absolute Sale or the notarization date thereof, whichever is earlier. The documentation shall include:</p> <ol style="list-style-type: none"> a. Original copy of the deed of sale b. Tax clearance certificate from the Treasurer's Office of Quezon City (obtained in Procedure 3); c. Tax declaration from the City Assessor's Office of Quezon City (obtained in procedure 4) ; d. Official receipt of the Bureau of Internal Revenue (for documentary stamp tax) (obtained in Procedure 5); e. Certificate Authorizing Registration from the Bureau of Internal Revenue (obtained in Procedure 6); 	1 day	PHP 68,146.06; (0.75% of property price (transfer tax) + PHP 125 (certificate of payment))

8	<p>Apply for registration with the Register of Deeds <i>Agency</i> : Register of Deeds The buyer applies for registration with the Register of Deeds.</p> <p>The documentation shall include:</p> <ol style="list-style-type: none"> Copy of deed of absolute sale; Official receipt evidencing payment of transfer tax; Certificate Authorizing Registration from the BIR (CAR) including official receipts for payment of DST and CGT; Real property tax clearance from the City Treasurer's Office; Original copy of owner's duplicate of TCT (in the name of the seller); Original or certified true copy of the latest tax declaration; Notarized secretary's certificate containing resolution of the board of directors of the seller approving the sale; Notarized secretary's certificate containing resolution of the board of directors of the buyer approving the sale; Articles of incorporation of the buyer and by-laws; and Certificate from the SEC that the articles of incorporation of the buyer have been registered. 	10 days	PHP 46,597.93; (Registration fee consisting of PHP 8,796 for first PHP 1,700,000 + PHP 90 for every PHP 20,000 or fraction thereof in excess of PHP 1,700,000 + PHP 199.56 legal research fee + PHP 30 judicial form fee + PHP 3,104.37 IT fee (PHP 344.93 per document (x9)) + PHP 300 primary entry fee (PHP 30 per document (x10)) + PHP 480 registration fee for specific documents (PHP 120 per document(x4)) + PHP 120 fixed entry fee for specific documents (PHP 30 per document (x4)) + PHP 40 legal research fee for specific documents (PHP 10 per document(x4)) + PHP 60 annotation fee (PHP 30 per document (x2)) + PHP 258 fee for issuance of new transfer certificate of title.)
9	<p>Obtain new tax declaration over the building and the land in the name of buyer from CAO <i>Agency</i> : City Assessor's Office - City Government The buyer applies with the CAO for the issuance of a new tax declaration over the building in his name.</p> <p>The documentation shall include:</p> <ol style="list-style-type: none"> Photocopy of notarized deed of sale; Copy of latest tax declaration (in the name of seller); Tax clearance certificate of real property taxes from the CTO; Certificate authorizing registration from the BIR; Photocopy of official receipt of transfer tax payment (original copy to be presented); The transfer certificate of title (TCT) issued by the RD (in the name of the buyer); 	2 days	no charge

→ Takes place simultaneously with previous procedure.

Details - Registering Property in Philippines - Measure of Quality

	Answer	Score
Reliability of infrastructure index (0-8)		1.0
What is the institution in charge of immovable property registration?	Register of Deeds	
In what format are the majority of title or deed records kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Scanned	1.0
Is there an electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	No	0.0
Institution in charge of the plans showing legal boundaries in the largest business city:	Land Registration Agency, Bureau of Lands	
In what format are the majority of maps of land plots kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Paper	0.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	No	0.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Separate databases	0.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	No	0.0
Transparency of information index (0-6)		4.0
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Anyone who pays the official fee	1.0
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	http://lra.gov.ph/services/requirements/	
Is the applicable fee schedule for any property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	http://lra.gov.ph/services/fees/	
Does the agency in charge of immovable property registration commit to delivering a legally binding document that proves property ownership within a specific time frame—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	http://lra.gov.ph/resources/documents/issuances/citizens-charter/	
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	No	0.0
Contact information:		
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	No	0.0
Number of property transfers in the largest business city in 2017:		
Who is able to consult maps of land plots in the largest business city?	Anyone who pays the official fee	0.5
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, online	0.5

Link for online access:	http://www.lra.gov.ph/mediafiles/pdf%20forms/LRA%20Fees/lrafeeschedule1.pdf	
Does the cadastral or mapping agency commit to delivering an updated map within a specific time frame—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	http://lmb.gov.ph/index.php/transparency-seal/citizen-s-charter#view-request-for-reference-copy-of-plan	
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
Contact information:		
Geographic coverage index (0-8)		4.0
Are all privately held land plots in the economy formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	Yes	2.0
Are all privately held land plots in the economy mapped?	No	0.0
Are all privately held land plots in the largest business city mapped?	Yes	2.0
Land dispute resolution index (0-8)		4.5
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Is there a specific compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	Yes	0.5
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Registrar; Notary; Lawyer;	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Registrar; Notary; Lawyer;	
Is there a national database to verify the accuracy of identity documents?	No	0.0
For a standard land dispute between two local businesses over tenure rights of a property worth 50 times gross national income (GNI) per capita and located in the largest business city, what court would be in charge of the case in the first instance?	Regional Trial Court	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Between 2 and 3 years	1.0
Are there any statistics on the number of land disputes in the first instance?	No	0.0
Number of land disputes in the largest business city in 2017:		
Equal access to property rights index (-2-0)		-1.0
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	
Do married men and married women have equal ownership rights to property?	No	-1.0

Getting Credit

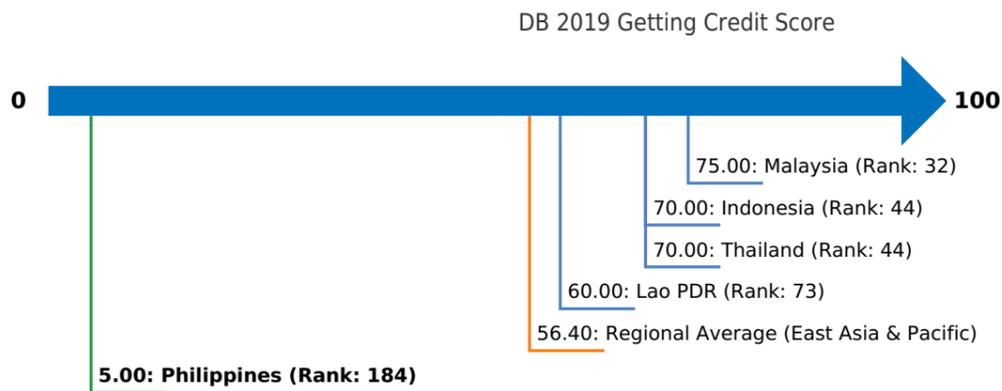
This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p>Strength of legal rights index (0-12)</p> <ul style="list-style-type: none"> • Rights of borrowers and lenders through collateral laws (0-10) • Protection of secured creditors' rights through bankruptcy laws (0-2) <p>Depth of credit information index (0-8)</p> <ul style="list-style-type: none"> • Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8) <p>Credit bureau coverage (% of adults)</p> <ul style="list-style-type: none"> • Number of individuals and firms listed in largest credit bureau as a percentage of adult population <p>Credit registry coverage (% of adults)</p> <ul style="list-style-type: none"> • Number of individuals and firms listed in credit registry as a percentage of adult population 	<p><i>Doing Business</i> assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.</p> <p>In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.</p> <p>Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:</p> <ul style="list-style-type: none"> - ABC is a domestic limited liability company (or its legal equivalent). - ABC has up to 50 employees. - ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city. - Both ABC and BizBank are 100% domestically owned. <p>The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).</p> <p>In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.</p>

Getting Credit - Philippines

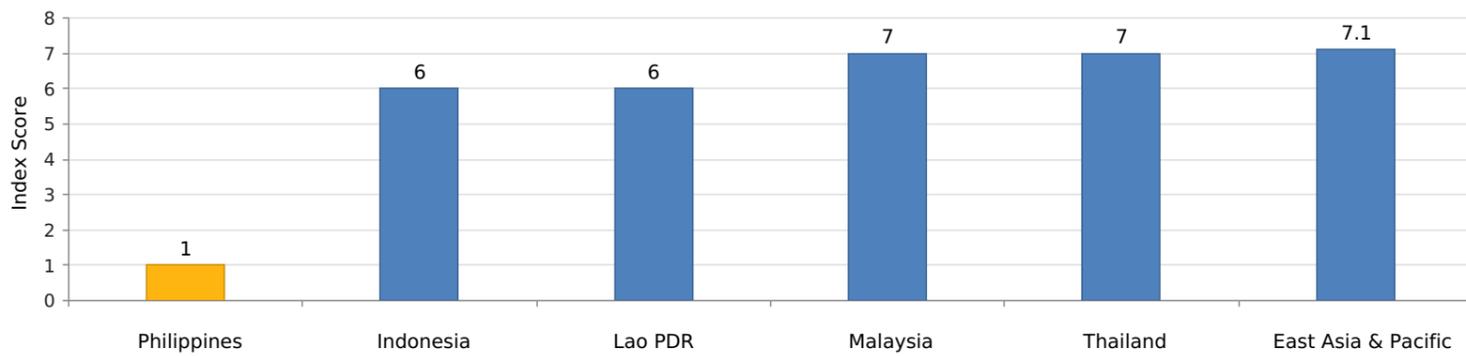
Indicator	Philippines	East Asia & Pacific	OECD high income	Best Regulatory Performance
Strength of legal rights index (0-12)	1	7.1	6.1	12 (5 Economies)
Depth of credit information index (0-8)	0	4.2	6.7	8 (42 Economies)
Credit registry coverage (% of adults)	0	16.9	21.8	100.0 (4 Economies)
Credit bureau coverage (% of adults)	2.7	23.0	65.3	100.0 (25 Economies)

Figure - Getting Credit in Philippines and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting credit is determined by sorting their scores for getting credit. These scores are the sum of the scores for the strength of legal rights index and the depth of credit information index.

Figure - Legal Rights in Philippines and comparator economies



Details - Legal Rights in Philippines

Strength of legal rights index (0-12) **1**

Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy? **No**

Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral? **No**

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral? **No**

May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds and replacements of the original assets? **No**

Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered? **No**

Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name? **No**

Does a notice-based collateral registry exist in which all functional equivalents can be registered? **No**

Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party? **No**

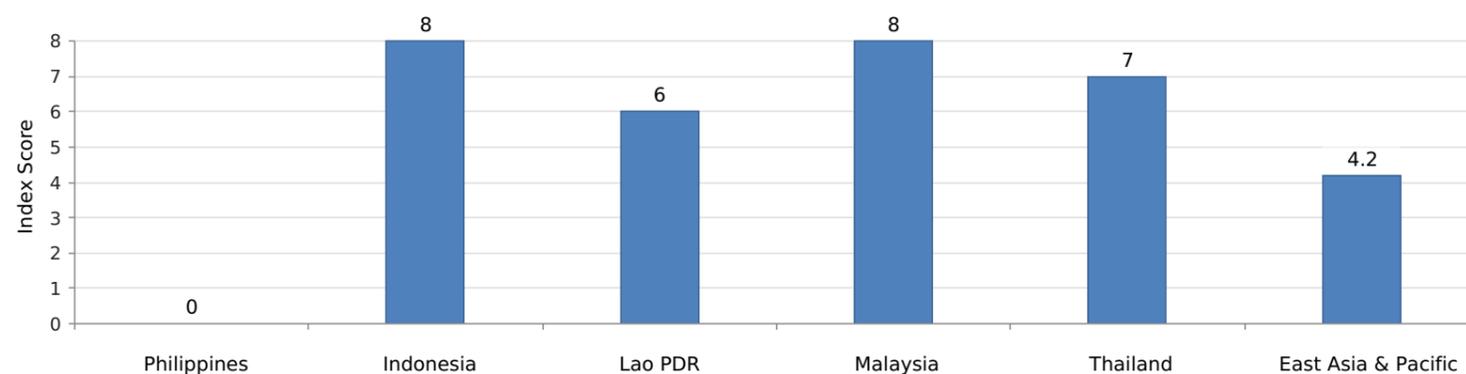
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure? **Yes**

Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated? **No**

Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and sets a time limit for it? **No**

Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt? **No**

Figure - Credit Information in Philippines and comparator economies



Details - Credit Information in Philippines

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

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	1,727,310	N/A
Number of firms	52,319	N/A
Total	1,779,629	0
Percentage of adult population	2.7	0

Protecting Minority Investors

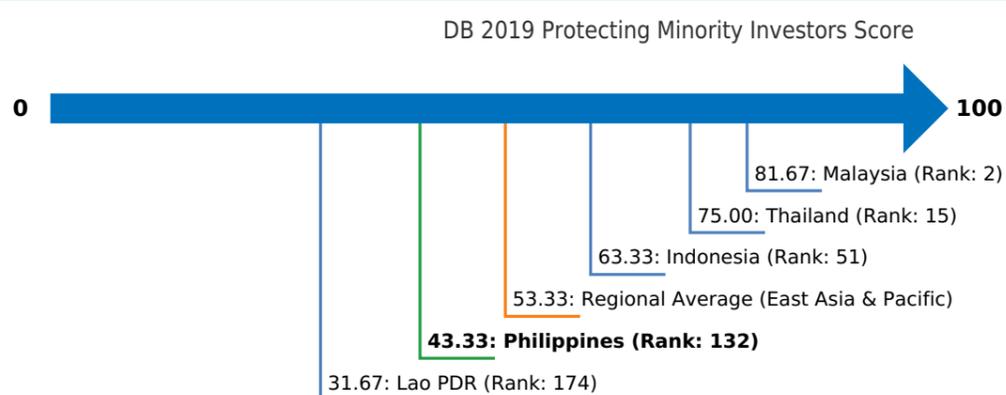
This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<ul style="list-style-type: none"> • Extent of disclosure index (0-10): Review and approval requirements for related-party transactions; Disclosure requirements for related-party transactions • Extent of director liability index (0-10): Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, fines, imprisonment, rescission of the transaction) • Ease of shareholder suits index (0-10): Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses • Extent of conflict of interest regulation index (0-10): Simple average of the extent of disclosure, extent of director liability and ease of shareholder indices • Extent of shareholder rights index (0-10): Shareholders' rights and role in major corporate decisions • Extent of ownership and control index (0-10): Governance safeguards protecting shareholders from undue board control and entrenchment • Extent of corporate transparency index (0-10): Corporate transparency on ownership stakes, compensation, audits and financial prospects • Extent of shareholder governance index (0-10): Simple average of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices • Strength of minority investor protection index (0-10): Simple average of the extent of conflict of interest regulation and extent of shareholder governance indices 	<p>To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.</p> <p>The business (Buyer):</p> <ul style="list-style-type: none"> - Is a publicly traded corporation listed on the economy's most important stock exchange. If there are fewer than ten listed companies or if there is no stock exchange in the economy, it is assumed that Buyer is a large private company with multiple shareholders. - Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law. - Has a supervisory board in economies with a two-tier board system on which Mr. James appointed 60% of the shareholder-elected members. - Has not adopted bylaws or articles of association that go beyond the minimum requirements. Does not follow codes, principles, recommendations or guidelines that are not mandatory. - Is a manufacturing company with its own distribution network. <p>The transaction involves the following details:</p> <ul style="list-style-type: none"> - Mr. James owns 60% of Buyer, sits on Buyer's board of directors and elected two directors to Buyer's five-member board. - Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores. - Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value. - The proposed transaction is part of the company's principal activity and is not outside the authority of the company. - Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made—that is, the transaction was not entered into fraudulently. - The transaction causes damages to Buyer. Shareholders sue Mr. James and the executives and directors that approved the transaction.

Protecting Minority Investors - Philippines

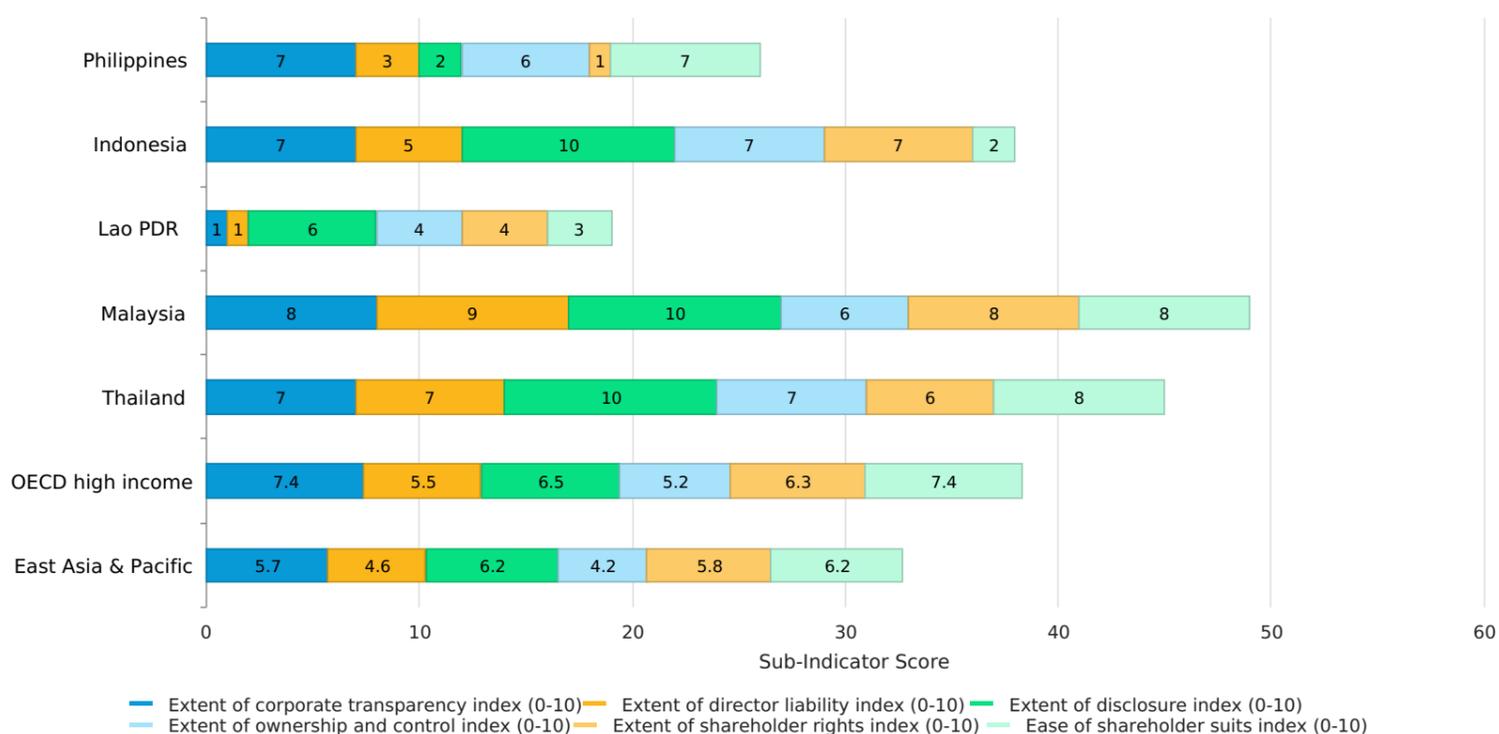
Indicator	Philippines	East Asia & Pacific	OECD high income	Best Regulatory Performance
Extent of disclosure index (0-10)	2.0	5.6	6.5	10 (13 Economies)
Extent of director liability index (0-10)	3.0	4.9	5.3	10 (Cambodia)
Ease of shareholder suits index (0-10)	7.0	6.7	7.3	10 (Djibouti)
Extent of shareholder rights index (0-10)	1.0	5.6	6.4	10 (Kazakhstan)
Extent of ownership and control index (0-10)	6.0	4.0	5.4	None in 2017/18
Extent of corporate transparency index (0-10)	7.0	5.3	7.6	10 (6 Economies)

Figure - Protecting Minority Investors in Philippines and comparator economies - Ranking and Score



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their scores for protecting minority investors. These scores are the simple average of the scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure - Protecting Minority Investors in Philippines and comparator economies - Measure of Quality



Details - Protecting Minority Investors in Philippines - Measure of Quality

	Answer	Score
Extent of conflict of interest regulation index (0-10)		4
Extent of disclosure index (0-10)		2.0
Whose decision is sufficient to approve the Buyer-Seller transaction? (0-3)	CEO alone	0.0
Must an external body review the terms of the transaction before it takes place? (0-1)	No	0.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	No disclosure obligation	0.0
Must Buyer disclose the transaction in periodic filings (e.g. annual reports)? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Must Buyer immediately disclose the transaction to the public? (0-2)	No disclosure obligation	0.0
Extent of director liability index (0-10)		3.0
Can shareholders representing 10% of Buyer's share capital sue for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold Mr. James liable for the damage the transaction caused to Buyer? (0-2)	Not liable	0.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer (0-2)	Not liable	0.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	Yes	1.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	Yes	1.0
Is Mr. James disqualified upon a successful claim by shareholders? (0-1)	No	0.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Only in case of fraud or bad faith	0.0
Ease of shareholder suits index (0-10)		7.0
Before suing, can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	Yes	1.0
Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	Any relevant document	3.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	No	0.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	Yes	2.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	Yes	1.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	At the discretion of the court	0.0
Extent of shareholder governance index (0-10)		4.7
Extent of shareholder rights index (0-10)		1.0
Does the sale of 51% of Buyer's assets require shareholder approval?	No	0.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	No	0.0
Must Buyer obtain its shareholders' approval every time it issues new shares?	No	0.0
Do shareholders automatically receive preemption rights every time Buyer issues new shares?	No	0.0
Must shareholders approve the election and dismissal of the external auditor?	Yes	1.0

Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	No	0.0
Assuming that Buyer is a limited company, does the sale of 51% of its assets require member approval?	No	0.0
Assuming that Buyer is a limited company, can members representing 10% call for a meeting of members?	No	0.0
Assuming that Buyer is a limited company, must all or almost all members consent to add a new member?	No	0.0
Assuming that Buyer is a limited company, must a member first offer to sell their interest to the existing members before they can sell to non-members?	No	0.0
Extent of ownership and control index (0-10)		6.0
Is it forbidden to appoint the same individual as CEO and chairperson of the board of directors?	No	0.0
Must the board of directors include independent and nonexecutive board members?	Yes	1.0
Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0
Must the board of directors include a separate audit committee exclusively comprising board members?	Yes	1.0
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	Yes	1.0
Must Buyer pay declared dividends within a maximum period set by law?	Yes	1.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	No	0.0
Assuming that Buyer is a limited company, must Buyer have a mechanism to resolve disagreements among members?	Yes	1.0
Assuming that Buyer is a limited company, must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	No	0.0
Assuming that Buyer is a limited company, must Buyer distribute profits within a maximum period set by law?	No	0.0
Extent of corporate transparency index (0-10)		7.0
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	Yes	1.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	Yes	1.0
Must Buyer disclose the compensation of individual managers?	No	0.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	No	0.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	Yes	1.0
Must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0
Must Buyer disclose its audit reports to the public?	Yes	1.0
Assuming that Buyer is a limited company, must members meet at least once a year?	Yes	1.0
Assuming that Buyer is a limited company, can members representing 5% put items on the meeting agenda?	No	0.0
Assuming that Buyer is a limited company, must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0

Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as the administrative burden of paying taxes and contributions and complying with postfiling procedures (VAT refund and tax audit). The most recent round of data collection for the project was completed in May 2018 covering for the Paying Taxes indicator calendar year 2017 (January 1, 2017 – December 31, 2017). [See the methodology for more information.](#)

What the indicators measure

Tax payments for a manufacturing company in 2017 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid or withheld, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

Time required to comply with 3 major taxes (hours per year)

- Collecting information, computing tax payable
- Preparing separate tax accounting books, if required
- Completing tax return, filing with agencies
- Arranging payment or withholding

Total tax and contribution rate (% of commercial profits)

- Profit or corporate income tax
- Social contributions, labor taxes paid by employer
- Property and property transfer taxes
- Dividend, capital gains, financial transactions taxes
- Waste collection, vehicle, road and other taxes

Postfiling Index

- Time to comply with a VAT refund (hours)
- Time to obtain a VAT refund (weeks)
- Time to comply with a corporate income tax correction (hours)
- Time to complete a corporate income tax correction (weeks)

Case study assumptions

Using a case scenario, *Doing Business* records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:

- TaxpayerCo is a medium-size business that started operations on January 1, 2016. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2017). Taxes and mandatory contributions are measured at all levels of government.

The VAT refund process:

- In June 2017, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2017.

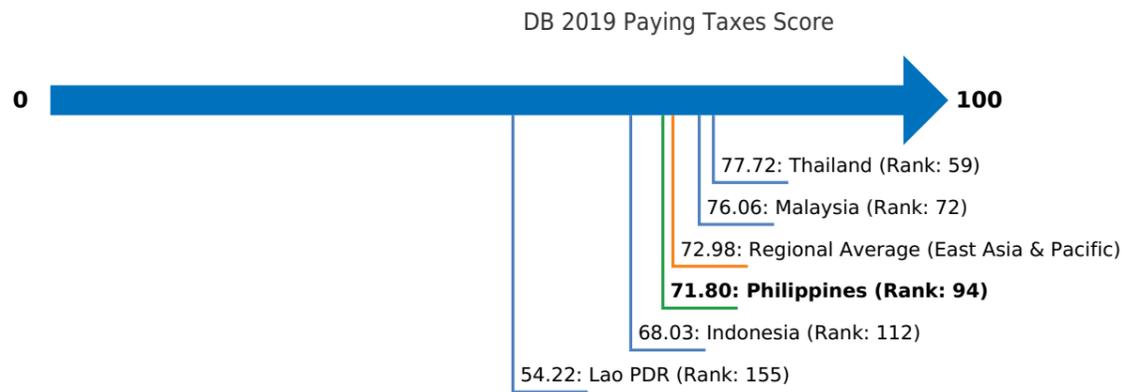
The corporate income tax audit process:

- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

Paying Taxes - Philippines

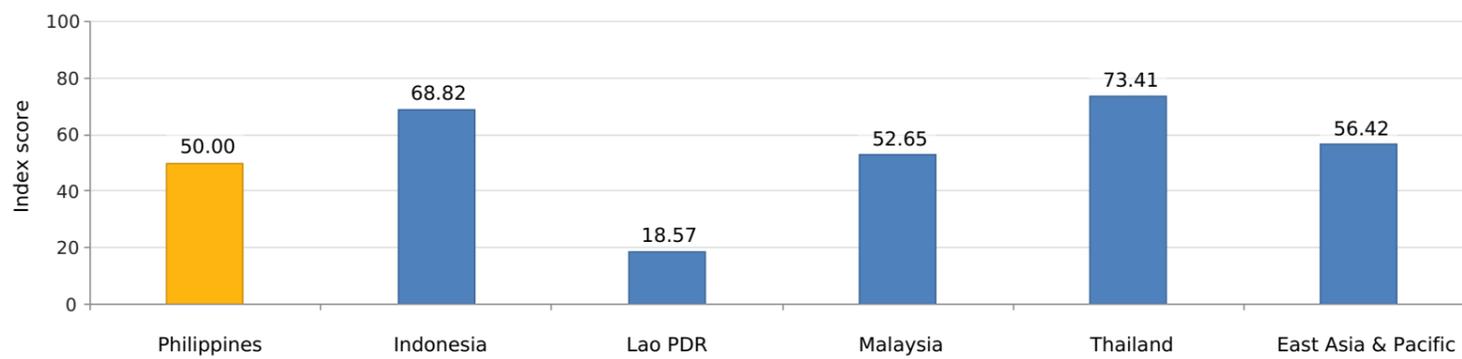
Indicator	Philippines	East Asia & Pacific	OECD high income	Best Regulatory Performance
Payments (number per year)	14	21.2	11.2	3 (Hong Kong SAR, China)
Time (hours per year)	181	180.9	159.4	49 (Singapore)
Total tax and contribution rate (% of profit)	42.9	33.5	39.8	26.1% (32 Economies)
Postfiling index (0-100)	50.00	56.42	84.41	None in 2017/18

Figure - Paying Taxes in Philippines and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of paying taxes is determined by sorting their scores for paying taxes. These scores are the simple average of the scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax and contribution rate. The threshold is defined as the total tax and contribution rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax and contribution rate below this threshold receive the same score as the economy at the threshold.

Figure - Paying Taxes in Philippines and comparator economies - Measure of Quality



Details - Paying Taxes in Philippines

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTCR
Corporate income tax	1.0	online	38.0	30%	taxable profit	20.26	
Local business tax	1.0			0.5%	previous year turnover	8.84	
Employer paid - Social security contributions	1.0	online	35.0	P 1,208.70 per employee per month	gross salaries	6.72	
Real property tax	1.0			2%	assessed property value	4.44	
Employer paid - Health insurance	1.0	online		1.16% to 1.19%	gross salaries	1.24	
Employer paid - Housing development fund	1.0	online		2% or P100 per worker	gross salaries	0.56	
Tax on interest	1.0	online		20%	interest	0.51	
Employer paid - Employer's compensation	0.0	jointly		P 30	per employee per month	0.17	
Environmental tax	1.0			P 10,000	fixed fee	0.08	
Community tax certificate	1.0			P 10,500	fixed fee	0.08	
Vehicle tax	1.0			basic fee + 24%	vehicle weight	0.04	
Value added tax (VAT)	1.0	online	108.0	12%	value added	0.00	not included
BIR certificate	0.0	jointly and online		P 500	fixed fee	0.00	
Employee paid - Housing development fund	0.0	jointly		2% or P 100 per worker	gross salaries	0.00	withheld
Employee paid - Payroll tax	0.0	jointly		0%-32%	per employee per month	0.00	withheld
Employee paid - Social security contributions	0.0	jointly		1.33% to 2.98%	gross salaries	0.00	withheld
Stamp duty	1.0	online		various rates	contract value	0.00	small amount
Tax on check transactions	1.0	online		P 1.5 per check	number of checks	0.00	small amount

Tax on insurance contracts	1.0	online	P 0.5 per each P 4	insurance premium	0.00	small amount
Totals	14		181		42.9	

Details - Paying Taxes in Philippines - Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	20.3
Labor tax and contributions (% of profit)	8.7
Other taxes (% of profit)	14

Details - Paying Taxes in Philippines - Measure of Quality

	Answer	Score
Postfiling index (0-100)		50.00
VAT refunds		
Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	No	
Restrictions on VAT refund process	Restricted to international traders and others	
Percentage of cases exposed to a VAT audit (%)	Not applicable	
Is there a mandatory carry forward period?	No	
Time to comply with VAT refund (hours)	No VAT refund per case study scenario	0
Time to obtain a VAT refund (weeks)	No VAT refund per case study scenario	0
Corporate income tax audits		
Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	0% - 24%	
Time to comply with a corporate income tax correction (hours)	1.5	100
Time to complete a corporate income tax correction (weeks)	No tax audit per case study scenario	100

Notes: Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax correction and time to complete a corporate income tax correction.

N/A = Not applicable.

Trading across Borders

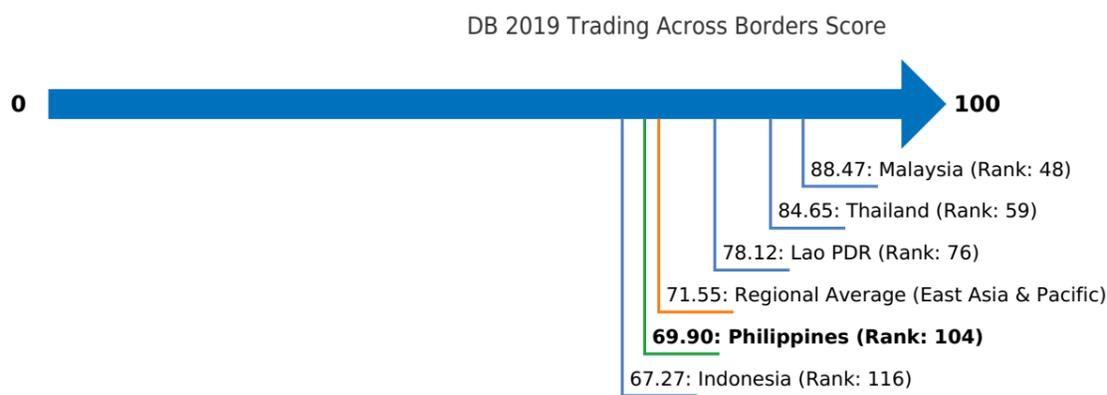
Doing Business records the time and cost associated with the logistical process of exporting and importing goods. *Doing Business* measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p>Documentary compliance</p> <ul style="list-style-type: none"> • Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy • Obtaining, preparing and submitting documents required by destination economy and any transit economies • Covers all documents required by law and in practice, including electronic submissions of information <p>Border compliance</p> <ul style="list-style-type: none"> • Customs clearance and inspections • Inspections by other agencies (if applied to more than 20% of shipments) • Handling and inspections that take place at the economy's port or border <p>Domestic transport</p> <ul style="list-style-type: none"> • Loading or unloading of the shipment at the warehouse or port/border • Transport between warehouse and port/border • Traffic delays and road police checks while shipment is en route 	<p>To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:</p> <p>Time: Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as $22 \times 24 = 528$ hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.</p> <p>Cost: Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.</p> <p>Assumptions of the case study:</p> <ul style="list-style-type: none"> - For all 190 economies covered by <i>Doing Business</i>, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy. - It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000. - The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport or land border crossing. - All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process. - A port or border is a place (seaport or land border crossing) where merchandise can enter or leave an economy. - Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

Trading across Borders - Philippines

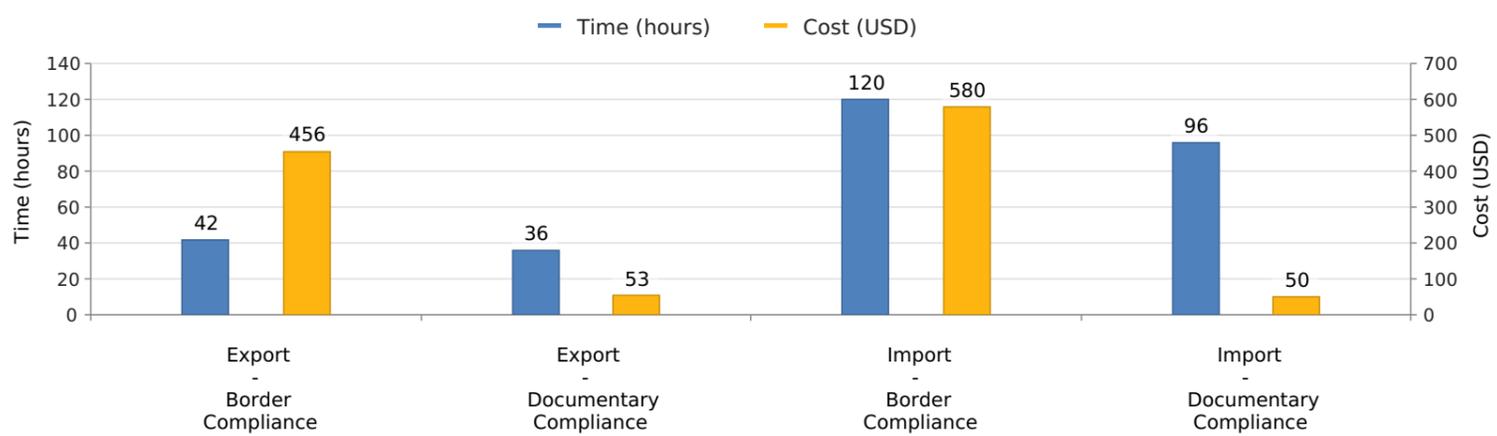
Indicator	Philippines	East Asia & Pacific	OECD high income	Best Regulatory Performance
Time to export: Border compliance (hours)	42	54.7	12.5	1 (19 Economies)
Cost to export: Border compliance (USD)	456	382.2	139.1	0 (19 Economies)
Time to export: Documentary compliance (hours)	36	57.6	2.4	1 (26 Economies)
Cost to export: Documentary compliance (USD)	53	109.4	35.2	0 (20 Economies)
Time to import: Border compliance (hours)	120	69.2	8.5	0 (25 Economies)
Cost to import: Border compliance (USD)	580	415.8	100.2	0 (28 Economies)
Time to import: Documentary compliance (hours)	96	57.0	3.4	1 (30 Economies)
Cost to import: Documentary compliance (USD)	50	109.5	24.9	0 (30 Economies)

Figure - Trading across Borders in Philippines and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of trading across borders is determined by sorting their scores for trading across borders. These scores are the simple average of the scores for the time and cost for documentary compliance and border compliance to export and import.

Figure - Trading across Borders in Philippines - Time and Cost



Details - Trading across Borders in Philippines

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

Details - Trading across Borders in Philippines - Components of Border Compliance

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	2.9	60.7
Export: Clearance and inspections required by agencies other than customs	0.0	0.0
Export: Port or border handling	42.5	395.3
Import: Clearance and inspections required by customs authorities	120.0	139.5
Import: Clearance and inspections required by agencies other than customs	0.0	0.0
Import: Port or border handling	120.0	440.0

Details - Trading across Borders in Philippines - Trade Documents

Export	Import
Packing List	Packing List
Invoice	Invoice
Bill of Lading	Bill of Lading
Customs Export Declaration	Customs Import Declaration
SOLAS certificate	Certificate of Origin
	SOLAS certificate

Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p>Time required to enforce a contract through the courts (calendar days)</p> <ul style="list-style-type: none"> • Time to file and serve the case • Time for trial and to obtain the judgment • Time to enforce the judgment <p>Cost required to enforce a contract through the courts (% of claim)</p> <ul style="list-style-type: none"> • Attorney fees • Court fees • Enforcement fees <p>Quality of judicial processes index (0-18)</p> <ul style="list-style-type: none"> • Court structure and proceedings (-1-5) • Case management (0-6) • Court automation (0-4) • Alternative dispute resolution (0-3) 	<p>The dispute in the case study involves the breach of a sales contract between 2 domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.</p> <p>To make the data comparable across economies, <i>Doing Business</i> uses several assumptions about the case:</p> <ul style="list-style-type: none"> - The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city. - The buyer orders custom-made goods, then fails to pay alleging that the goods are not of adequate quality. - The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater. - The seller sues the buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000. - The seller requests the pretrial attachment of the defendant's movable assets to secure the claim. - The dispute on the quality of the goods requires an expert opinion. - The judge decides in favor of the seller; there is no appeal. - The seller enforces the judgment through a public sale of the buyer's movable assets.

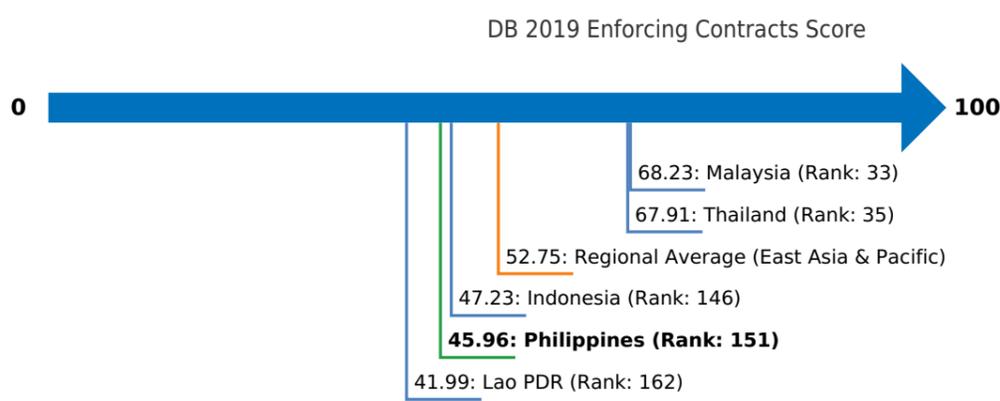
Enforcing Contracts - Philippines

Standardized Case

Claim value	PHP 337,331
Court name	Quezon City Metropolitan Trial Court
City Covered	Quezon city

Indicator	Philippines	East Asia & Pacific	OECD high income	Best Regulatory Performance
Time (days)	962	581.1	582.4	None in 2017/18
Cost (% of claim value)	31.0	47.2	21.2	None in 2017/18
Quality of judicial processes index (0-18)	7.5	7.9	11.5	None in 2017/18

Figure - Enforcing Contracts in Philippines and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their scores for enforcing contracts. These scores are the simple average of the scores for each of the component indicators.

Figure - Enforcing Contracts in Philippines - Time and Cost

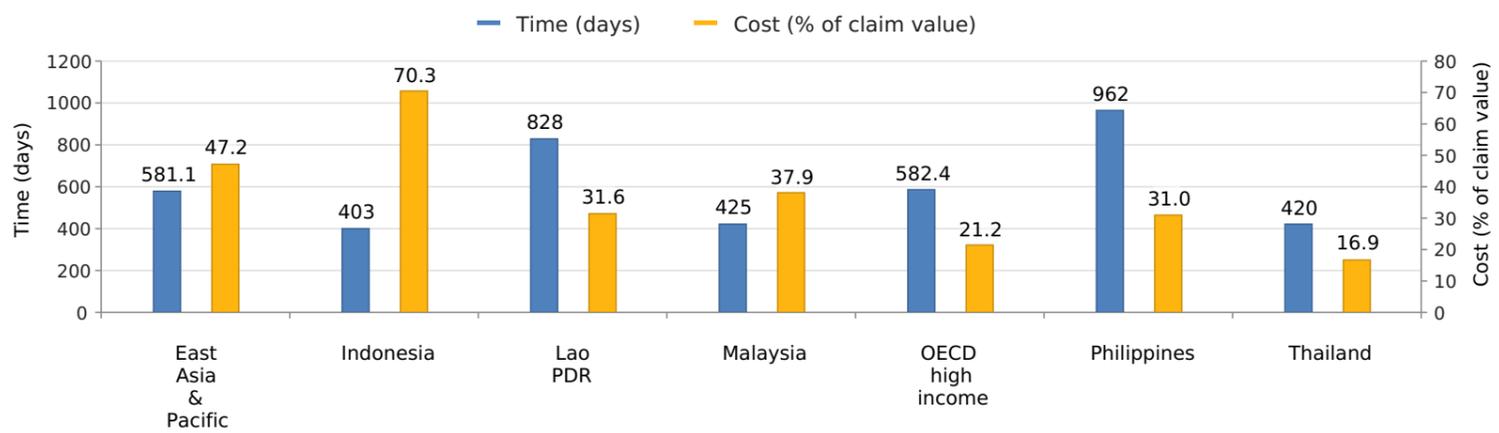
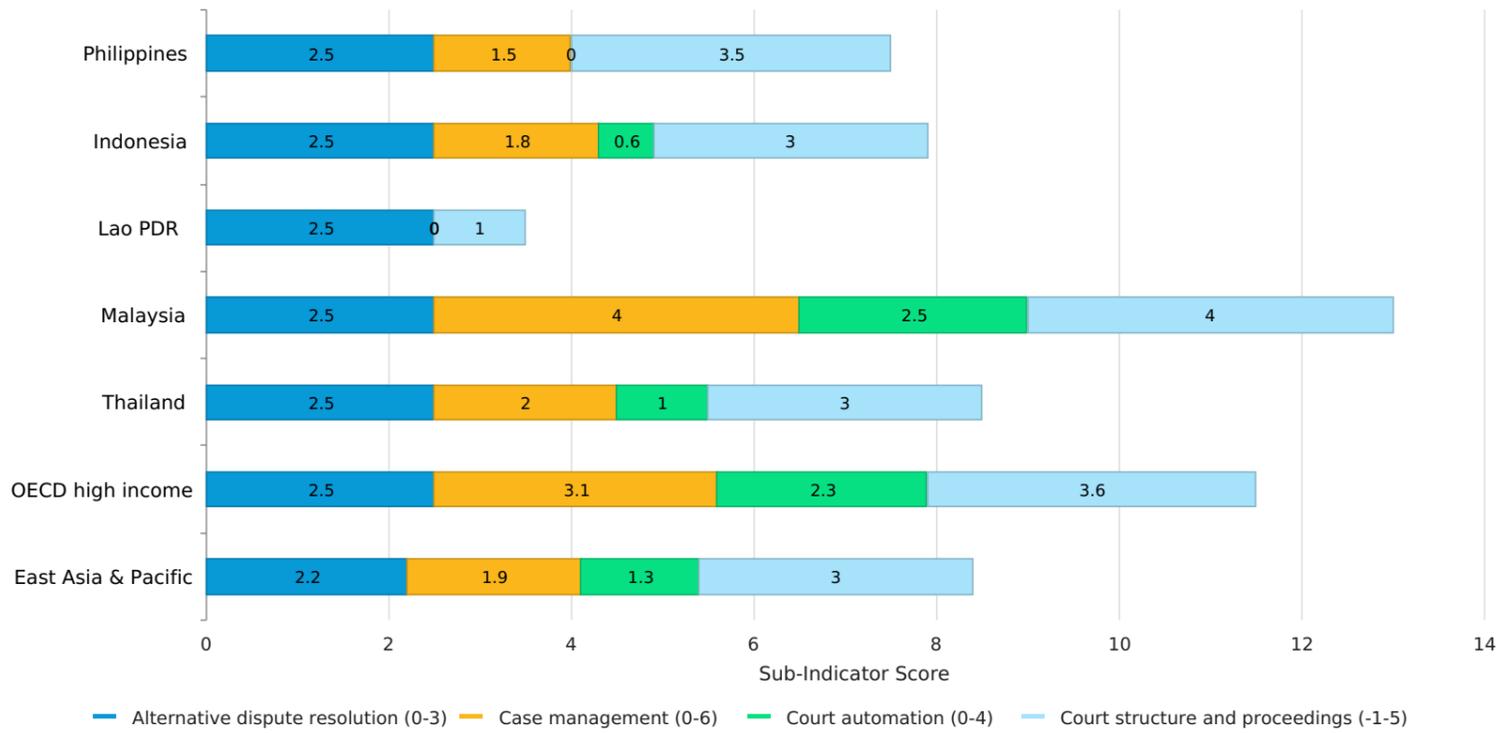


Figure - Enforcing Contracts in Philippines and comparator economies - Measure of Quality



Details - Enforcing Contracts in Philippines

	Indicator
Time (days)	962
Filing and service	58
Trial and judgment	700
Enforcement of judgment	204
Cost (% of claim value)	31.0
Attorney fees	20
Court fees	6
Enforcement fees	5
Quality of judicial processes index (0-18)	7.5
Court structure and proceedings (-1-5)	3.5
Case management (0-6)	1.5
Court automation (0-4)	0.0
Alternative dispute resolution (0-3)	2.5

Details - Enforcing Contracts in Philippines - Measure of Quality

	Answer	Score
Quality of judicial processes index (0-18)		7.5
Court structure and proceedings (-1-5)		3.5
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	No	0.0
2. Small claims court		1.5
2.a. Is there a small claims court or a fast-track procedure for small claims?	Yes	
2.b. If yes, is self-representation allowed?	Yes	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, automatic	1.0
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
Case management (0-6)		1.5
1. Time standards		0.5
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	Yes	
1.c. Are these time standards respected in more than 50% of cases?	No	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	Yes	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	No	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	No	0.0
4. Is a pretrial conference among the case management techniques used before the competent court?	Yes	1.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	No	0.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	No	0.0
Court automation (0-4)		0.0
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	no	0.0
2. Is it possible to carry out service of process electronically for claims filed before the competent court?	No	0.0
3. Can court fees be paid electronically within the competent court?	No	0.0
4. Publication of judgments		0.0
4.a. Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
Alternative dispute resolution (0-3)		2.5
1. Arbitration		1.5

1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	
2. Mediation/Conciliation		1.0
2.a. Is voluntary mediation or conciliation available?	Yes	
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects?	Yes	
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	No	

Resolving Insolvency

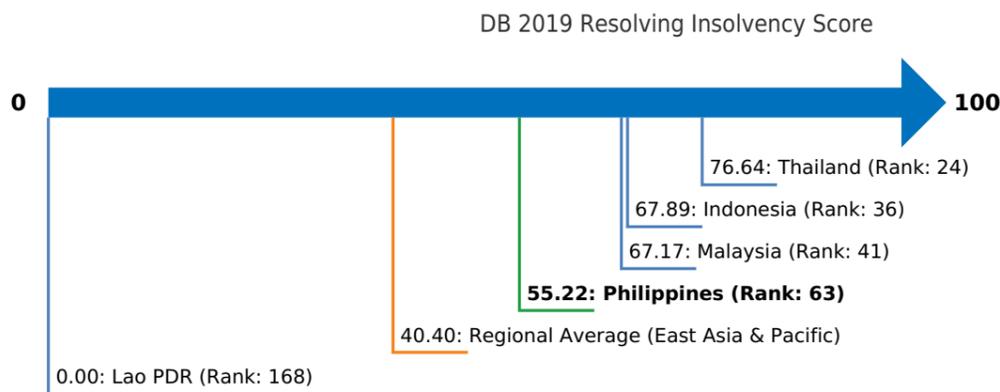
Doing Business studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, *Doing Business* uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit. The most recent round of data collection was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p>Time required to recover debt (years)</p> <ul style="list-style-type: none"> • Measured in calendar years • Appeals and requests for extension are included 	<p>To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:</p>
<p>Cost required to recover debt (% of debtor's estate)</p> <ul style="list-style-type: none"> • Measured as percentage of estate value • Court fees • Fees of insolvency administrators • Lawyers' fees • Assessors' and auctioneers' fees • Other related fees 	<ul style="list-style-type: none"> - A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties. - The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater. - The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise.
<p>Outcome</p> <ul style="list-style-type: none"> • Whether business continues operating as a going concern or business assets are sold piecemeal 	<p>In addition, <i>Doing Business</i> evaluates the quality of legal framework applicable to judicial liquidation and reorganization proceedings and the extent to which best insolvency practices have been implemented in each economy covered.</p>
<p>Recovery rate for creditors</p> <ul style="list-style-type: none"> • Measures the cents on the dollar recovered by secured creditors • Outcome for the business (survival or not) determines the maximum value that can be recovered • Official costs of the insolvency proceedings are deducted • Depreciation of furniture is taken into account • Present value of debt recovered 	
<p>Strength of insolvency framework index (0- 16)</p> <ul style="list-style-type: none"> • Sum of the scores of four component indices: • Commencement of proceedings index (0-3) • Management of debtor's assets index (0-6) • Reorganization proceedings index (0-3) • Creditor participation index (0-4) 	

Resolving Insolvency - Philippines

Indicator	Philippines	East Asia & Pacific	OECD high income	Best Regulatory Performance
Recovery rate (cents on the dollar)	21.3	35.5	70.5	None in 2017/18
Time (years)	2.7	2.6	1.7	0.4 (Ireland)
Cost (% of estate)	32.0	20.6	9.3	1.0 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0
Strength of insolvency framework index (0-16)	14.0	6.8	11.9	None in 2017/18

Figure - Resolving Insolvency in Philippines and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their scores for resolving insolvency. These scores are the simple average of the scores for the recovery rate and the strength of insolvency framework index.

Figure - Resolving Insolvency in Philippines - Time and Cost

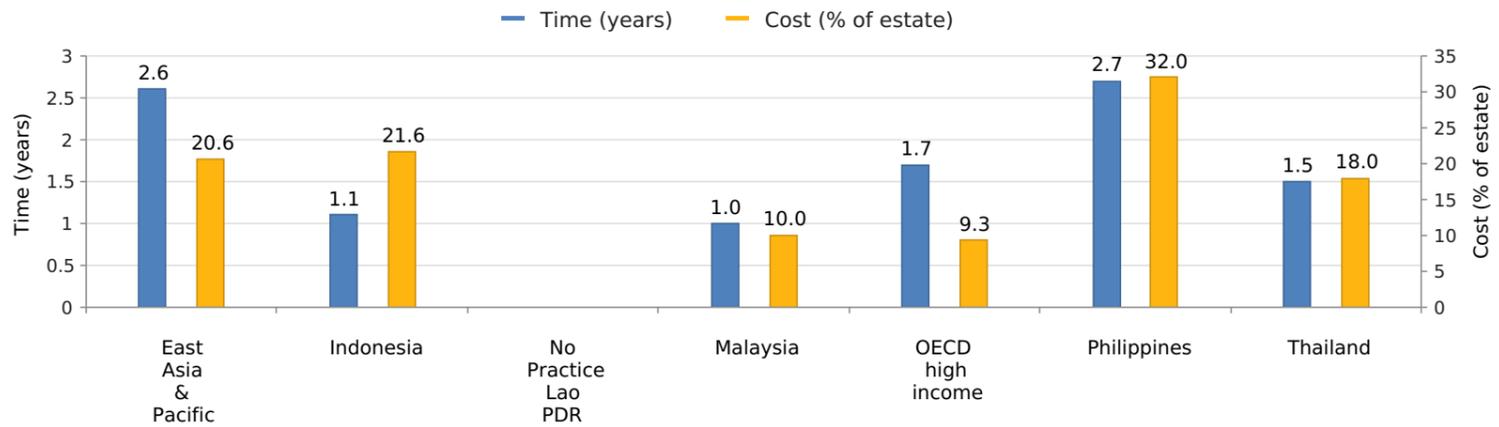
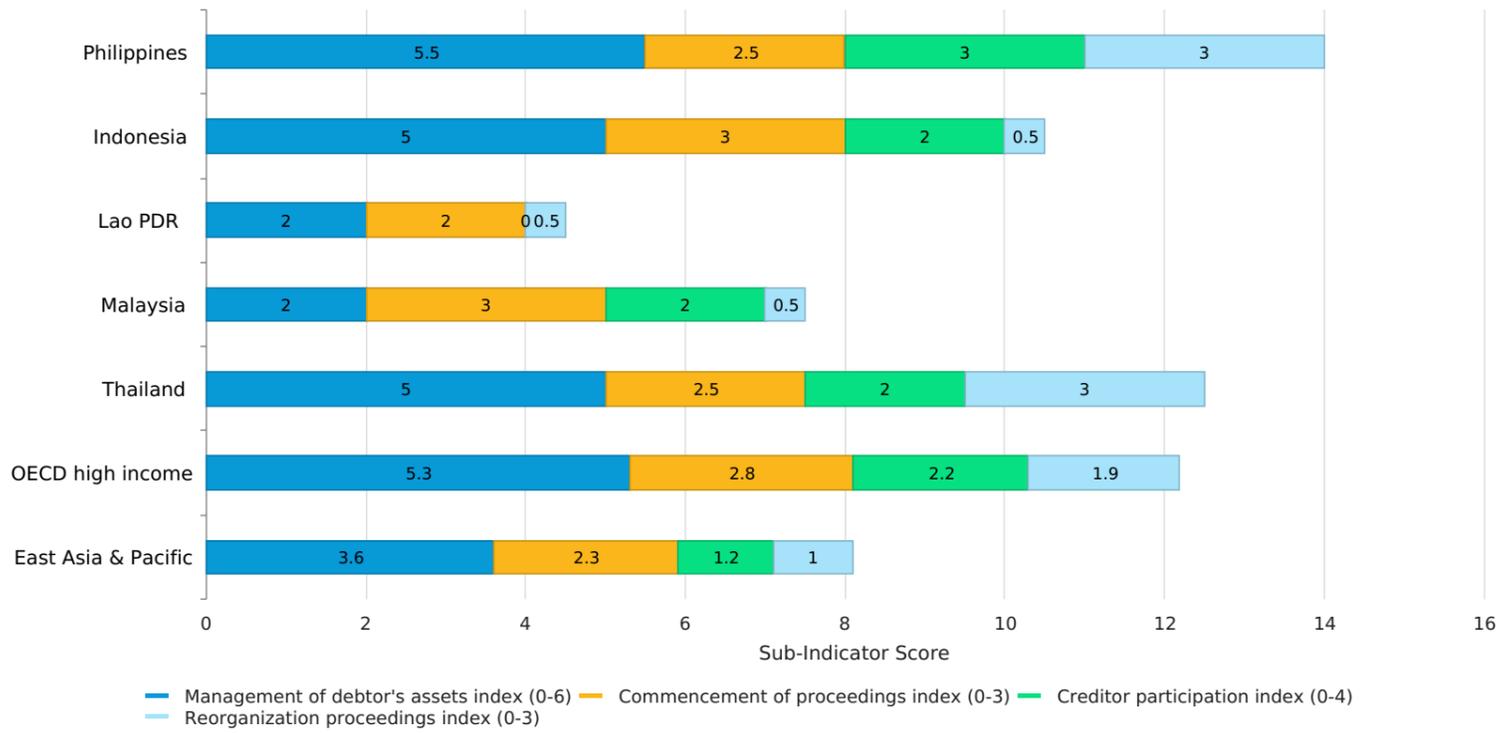
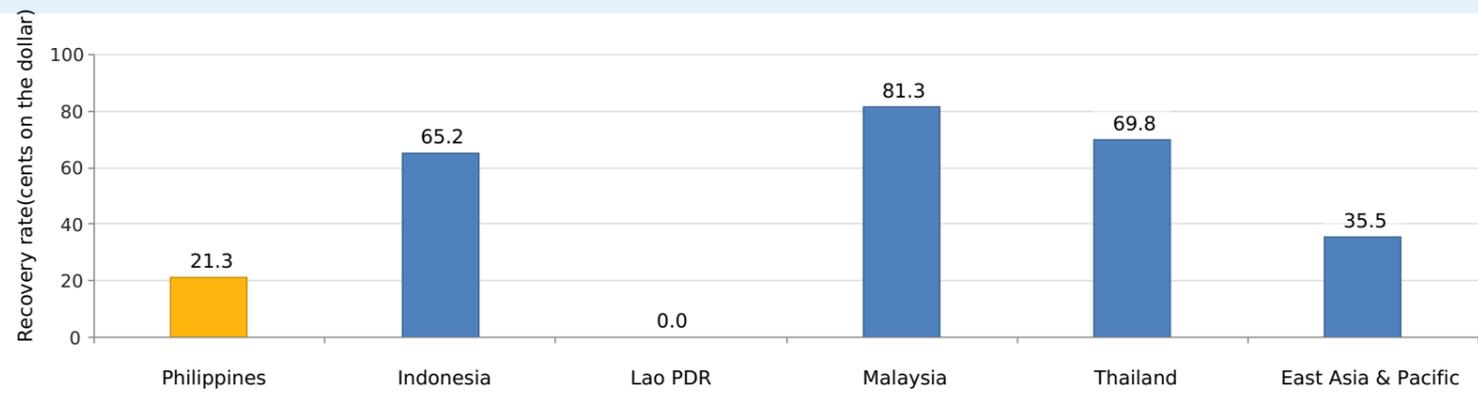


Figure - Resolving Insolvency in Philippines and comparator economies - Measure of Quality



Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Figure - Resolving Insolvency in Philippines and comparator economies - Recovery Rate



Details - Resolving Insolvency in Philippines

Indicator	Answer	Score
Proceeding	liquidation (after an attempt at reorganization)	The most likely procedure applicable to our case study would be a reorganization, which will then be converted into a liquidation. Mirage may use the reorganization proceeding to gain time, find a new investor, or renegotiate its debt. Insolvency proceedings will therefore start with Mirage (debtor) filing for court-supervised reorganization with the Regional Trial Court. The court will appoint a rehabilitation receiver who is in charge of determining the viability of Mirage and preparing a Rehabilitation Plan. However, it is very likely that this plan is not approved, and that the case will be converted into liquidation.
Outcome	piecemeal sale	The hotel will stop operating and Mirage assets will be sold piecemeal in a public auction upon the completion of the liquidation proceeding.
Time (in years)	2.7	A reorganization procedure that is then converted into liquidation will approximately take 2.7 years in total. According to the Financial Rehabilitation and Insolvency Act (FRIA) of 2010, the court shall have a maximum period of one (1) year from the date of the filing of the petition to confirm a Rehabilitation Plan. If the Rehabilitation plan is not approved, the case will then be converted into liquidation, which can take up to 2 additional years (until the proceeds of the sale are finally distributed among creditors).
Cost (% of estate)	32.0	The costs associated with the case would amount to approximately 32% of the value of the debtor's estate. Cost incurred during the entire insolvency process mainly include attorney fees (10%), official receiver fees (10%), accountants and other professionals fees (7%), fees of auctioneers (3%), and court fees (2%).
Recovery rate (cents on the dollar)		21.3

Details - Resolving Insolvency in Philippines - Measure of Quality

	Answer	Score
Strength of insolvency framework index (0-16)		14.0
Commencement of proceedings index (0-3)		2.5
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(a) Debtor may file for both liquidation and reorganization	1.0
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	N/A	0.5
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework?	(c) Both (a) and (b) options are available, but only one of them needs to be complied with	1.0
Management of debtor's assets index (0-6)		5.5
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	Yes	1.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	Yes	1.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	Yes	1.0
Does the insolvency framework assign priority to post-commencement credit?	(a) Yes over all pre-commencement creditors, secured or unsecured	0.5
Reorganization proceedings index (0-3)		3.0
Which creditors vote on the proposed reorganization plan?	(b) Only creditors whose rights are affected by the proposed plan	1.0
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	Yes	1.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	Yes	1.0
Creditor participation index (0-4)		3.0
Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	Yes	1.0
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	No	0.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	Yes	1.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	Yes	1.0

Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Labor Market Regulation

Doing Business presents detailed data for the labor market regulation indicators on the *Doing Business* website (<http://www.doingbusiness.org>). The report does not present rankings of economies on these indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business.

The most recent round of data collection was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure

Hiring

(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the probationary period; (iv) minimum wage.

Working hours

(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) whether nonpregnant and nonnursing women can work same night hours as men; (v) length of paid annual leave.

Redundancy rules

(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

Redundancy cost

(i) notice period for redundancy dismissal; (ii) severance payments due when terminating a redundant worker.

Job quality

(i) whether law mandates equal remuneration for work of equal value and nondiscrimination based on gender in hiring; (ii) whether law mandates paid or unpaid maternity leave; (iii) length of paid maternity leave; (iv) whether employees on maternity leave receive 100% of wages; (v) availability of five fully paid days of sick leave a year; (vi) eligibility requirements for unemployment protection.

Case study assumptions

To make the data comparable across economies, several assumptions about the worker and the business are used.

The worker:

- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

The business:

- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

Labor Market Regulation - Philippines

Details - Labor Market Regulation in Philippines

	Answer
Hiring	
Fixed-term contracts prohibited for permanent tasks?	No
Maximum length of a single fixed-term contract (months)	No limit
Maximum length of fixed-term contracts, including renewals (months)	No limit
Minimum wage applicable to the worker assumed in the case study (US\$/month)	291.0
Ratio of minimum wage to value added per worker	0.6
Maximum length of probationary period (months)	6.0
Working hours	
Standard workday	8.0
Maximum number of working days per week	6.0
Premium for night work (% of hourly pay)	10.0
Premium for work on weekly rest day (% of hourly pay)	30.0
Premium for overtime work (% of hourly pay)	25.0
Restrictions on night work?	No
Whether nonpregnant and nonnursing women can work the same night hours as men	Yes
Restrictions on weekly holiday?	No
Restrictions on overtime work?	No
Paid annual leave for a worker with 1 year of tenure (working days)	5.0
Paid annual leave for a worker with 5 years of tenure (working days)	5.0
Paid annual leave for a worker with 10 years of tenure (working days)	5.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	5.0
Redundancy rules	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	Yes
Third-party approval if one worker is dismissed?	No
Third-party notification if nine workers are dismissed?	Yes
Third-party approval if nine workers are dismissed?	No
Retraining or reassignment obligation before redundancy?	No
Priority rules for redundancies?	Yes
Priority rules for reemployment?	No
Redundancy cost	
Notice period for redundancy dismissal for a worker with 1 year of tenure	4.3
Notice period for redundancy dismissal for a worker with 5 years of tenure	4.3
Notice period for redundancy dismissal for a worker with 10 years of tenure	4.3
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	4.3
Severance pay for redundancy dismissal for a worker with 1 year of tenure	4.3

Severance pay for redundancy dismissal for a worker with 5 years of tenure	21.7
Severance pay for redundancy dismissal for a worker with 10 years of tenure	43.3
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	23.1
Job quality	
Equal remuneration for work of equal value?	Yes
Gender nondiscrimination in hiring?	No
Paid or unpaid maternity leave mandated by law?	Yes
Minimum length of maternity leave (calendar days)?	60.0
Receive 100% of wages on maternity leave?	Yes
Five fully paid days of sick leave a year?	No
Unemployment protection after one year of employment?	No
Minimum contribution period for unemployment protection (months)?	n.a.

Business Reforms in Philippines

In the past year, *Doing Business* observed a peaking of reform activity worldwide. From June 2, 2017, to May 1, 2018, 128 economies implemented a record 314 regulatory reforms improving the business climate. Reforms inspired by *Doing Business* have been implemented by economies in all regions. The following are reforms implemented since *Doing Business* 2008.

✓ = *Doing Business* reform making it easier to do business. ✗ = Change making it more difficult to do business.

DB2019

✓ **Starting a Business:** The Philippines made starting a business easier by simplifying tax registration and business licensing processes. At the same time, the Philippines increased tax registration costs.

✓ **Dealing with Construction Permits:** The construction sector in the Philippines improved its risk management practices as latent defect liability insurance is now commonly obtained by industry players.

✓ **Protecting Minority Investors:** The Philippines strengthened minority investor protections by increasing shareholders' rights and role in major corporate decisions and clarifying ownership and control structures.

✗ **Trading across Borders:** The Philippines made trading across borders more difficult by increasing the number of inspections for importing, thereby increasing the average time for border compliance.

DB2018

✓ **Getting Electricity:** The Philippines reduced the time to get an electricity connection by implementing a new asset management system and by creating a new scheduling and planning office.

✓ **Paying Taxes:** The Philippines made paying taxes easier by introducing a new electronic system for payment and collection of the housing development fund contributions.

DB2017

✓ **Dealing with Construction Permits:** The Philippines made dealing with construction permits easier by increasing the transparency of its building regulations.

✓ **Paying Taxes:** The Philippines made paying taxes easier by introducing an online system for filing and paying health contributions and by allowing for the online corporate income tax and VAT returns to be completed offline.

DB2016

✓ **Starting a Business:** The Philippines made starting a business easier by streamlining communications between the Securities and Exchange Commission and the Social Security System and thereby expediting the process of issuing an employer registration number.

DB2015

✗ **Trading across Borders:** In the Philippines trading across borders became more difficult because of a new city ordinance restricting truck traffic in Manila.

DB2014

✓ **Dealing with Construction Permits:** The Philippines made dealing with construction permits easier by eliminating the requirement to obtain a health certificate.

✓ **Getting Credit:** The Philippines improved access to credit information by beginning to distribute both positive and negative information and by enacting a data privacy act that guarantees borrowers' right to access their data.

✓ **Paying Taxes:** The Philippines made paying taxes easier for companies by introducing an electronic filing and payment system for social security contributions.

DB2012

✓ **Resolving Insolvency:** The Philippines adopted a new insolvency law that provides a legal framework for liquidation and reorganization of financially distressed companies.

DB2011

✓ **Starting a Business:** The Philippines eased business startup by setting up a one-stop shop at the municipal level.

✗ **Dealing with Construction Permits:** The Philippines made construction permitting more cumbersome through updated electricity connection costs.

✓ **Trading across Borders:** The Philippines reduced the time and cost to trade by improving its electronic customs systems, adding such functions as electronic payments and online submission of declarations.

DB2010

✓ **Getting Credit:** The Philippines improved access to credit information through a new act regulating the operations and services of a credit information system.

✓ **Paying Taxes:** The Philippines made paying taxes less costly for companies by reducing the corporate income tax rate.

✓ **Resolving Insolvency:** The Philippines enhanced its insolvency process by promoting reorganization procedures through the introduction of prepackaged reorganizations and by establishing qualification requirements for receivers.

DB2009

✓ **Trading across Borders:** The Philippines reduced the time for importing by upgrading the risk-based inspection and electronic data interchange systems.

DB2008

✗ **Starting a Business:** The Philippines made starting a business more difficult by increasing the paid-in minimum capital requirement.

Doing Business 2019 is the 16th in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. The report provides quantitative indicators covering 11 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.

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