

LEGAL
ALERT

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Ease of Doing Business Act

Republic Act No. 11032 or the Ease of Doing Business and Efficient Government Service Delivery Act (“EODB Act”) came into effect on 28 May 2018. The EODB Act amended Republic Act No. 9485, also known as the Anti-Red Tape Act of 2007. It seeks to address Priority No. 3 of President Duterte’s 0+10 Socioeconomic Agenda, which is to increase competitiveness and ease of doing business. Overall, the purpose of the law is to promote transparency and cut red tape in the government for a more conducive business environment. The law aims to improve the country’s ease of doing business ranking. The Philippines placed 99th in the World Bank report, titled “Doing Business 2017” and ranked 113th in the 2018 edition. In the IMD World Competitiveness Ranking 2018, the Philippines dropped 9 notches to 50th spot from 41st last year among 63 economies.

The law introduced simplified requirements and streamlined procedures that will spare the people from the intolerable waiting time in government agencies. For simple permits, processing time will be reduced to 3 working days, complex transactions to 7 working days and highly technical application to 20 working days. If an agency fails to approve or disapprove an original application within the prescribed processing time, the said application will be deemed approved.

Local governments are also mandated to automate their business permit and licencing systems, to set up one-stop business facilitation services, and to use online unified business application forms. In line with this, barangay clearances and permits are now issued at the city or municipality.

Furthermore, all government agencies are required to set up updated Citizen’s Charter to indicate in detail the following information:

1. Checklist of requirements for each type of application or request;
2. Person/s responsible for each step;
3. Amount of fees (if necessary);
4. Procedure to obtain a particular service;
5. Maximum time to complete the process; and
6. Procedure for filing complaints.

The law also limited the number of signatories for applications for licences, clearances, permits, certifications and authorisations to a maximum of 3. Electronic signatures are recognised and a zero-contact policy will be implemented to avoid improprieties.

To ensure compliance with this law, a two-strike policy for government employees is formulated for violations. The first offense entails administrative liability of 6 months suspension, except if such government employee or official is involved in fixing or collusion with fixers, in which case criminal liability may be imposed. The second offence entails administrative liability of dismissal from service plus perpetual disqualification from holding public office and forfeiture of retirement benefits, and criminal liability wherein imprisonment and/or the imposition of fines is prescribed.

The implementing rules and regulations (“IRR”) of the said law are expected to be released by the Department of Trade and Industry (“DTI”) by the end of October 2018. Nevertheless, issuance thereof is expected to be deferred to beyond October 2018.



If you have any questions or require any additional information, please contact [Felix Sy](#) or [Lorybeth Baldrias Serrano](#) or the ZICO Law partner you usually deal with.

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