



Republic of the Philippines
Department of Environment and Natural Resources
Visayas Avenue, Diliman, Quezon City
Tel. Nos. (02) 8920-0689 / 8925-8275 / 0917-885-3367 / 0917-868-3367
Website: <http://www.denr.gov.ph> / E-mail: web@denr.gov.ph

MEMORANDUM

FOR : The Directors
Legal Affairs Service
Biodiversity Management Bureau
Environmental Management Bureau
Forest Management Bureau
Land management Bureau
Mines and Geosciences Bureau
Ecosystems Research and Development Bureau

FROM : The OIC Director
Policy and Planning Service

SUBJECT : **REQUEST FOR INPUTS ON THE IMPLEMENTING RULES AND REGULATIONS (IRR) OF REPUBLIC ACT NO. 11647**

DATE : 05 APR 2022

This pertains to the letter dated 30 March 2022 from Undersecretary Rosemarie G. Edillon of the National Economic Development Authority (NEDA) requesting for inputs on the attached Implementing Rules and Regulations (IRR) of Republic Act No. 11647 or *An Act Promoting Foreign Investments, Amending Thereby Republic Act No. 7042, Otherwise Known as the "Foreign Investments Act Of 1991," as Amended, and for Other Purpose.*

Republic Act No. 11647 eases some restrictions on foreign investments by allowing qualified foreign investors to invest up to 100 percent of its capital to local enterprises.

Following its passage into law on 02 March 2022, NEDA is now in the process of drafting its IRR and is requesting the Department to provide proposed text/ language on several rules/ sections under our purview.

In this regard, we would like to request for your 1) inputs on the draft IRR, specifically proposed text/ language on Rule III (Basic Guidelines) and Rule XVII (Compliance with Environmental Standards), and 2) contact details of technical/ legal representative/s (name, designation, office, e-mail address) who will serve as focal point/s on this matter .

We would appreciate receiving an advance copy of your response **on or before 08 April 2022** through e-mail at psddivision@gmail.com, copy furnished this e-mail address: policy@denr.gov.ph, to facilitate immediate consolidation and subsequent submission to NEDA.

For your appropriate action, please.


GLENN MARCELO C. NOBLE

Instruction: Please provide actual language in the third column. Highlighted in orange are inputs requested from the DENR.

Legend for the first column: 1) in **black font** are original provisions of RA 7042 (1991); 2) in **blue font** are amendments of RA 8179 (1996); and 3) in **yellow highlights** are amendments of RA 11647 (2022)

<p>not apply to the practice of professions that are covered by specific laws and fall under the jurisdiction of various Professional Regulatory Boards (PRBs) or any other equivalent regulating body, or those subject to reciprocity agreements with other countries.</p> <p>To the extent applicable, and provided that the necessary licenses, work permits and visas are properly secured from the relevant government agencies, any occupation, employment or practice of profession not covered by any special law or reciprocity agreement as provided in the previous paragraph shall be subject to the provisions of this Act.</p>	<p>the CB.</p>	
<p>SECTION 19. <i>Appropriations.</i> — For purposes of implementing this Act, the amount of Fifty million pesos (P50,000,000.00) from the Contingent Fund of the General Appropriations Act for the current fiscal year is hereby appropriated and shall be released to the IIPCC. Thereafter, the amounts necessary to carry out this Act shall be included in the General Appropriations Act (GAA).</p>		
<p>SECTION 20. <i>Repealing Clause.</i> — Republic Act No. 7042, as amended, is hereby amended. All laws, decrees, orders, rules and regulations or other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.</p>		
<p>SECTION 17. <i>Separability Clause.</i> — If any portion or provision of this Act is declared unconstitutional the remainder of this Act or any provision not affected thereby shall remain in force and</p>		



Office of Head Executive Assistant <ohea@denr.gov.ph>

OHEA - 2022 - 000436

[V.IMPT] NEDA Request Letter for DENR re IRR of RA 11647 (Amendments to the Foreign Investments Act of 1991)

1 message

&TSIS-id <&TSIS-id@neda.gov.ph>

Wed, Mar 30, 2022 at 1:08 PM

To: "ohea@denr.gov.ph" <ohea@denr.gov.ph>, "osec@denr.gov.ph" <osec@denr.gov.ph>

Cc: "Rosemarie G. Edillon" <rgedillon@neda.gov.ph>, "Rowena M. Arellano" <rmarellano@neda.gov.ph>, &TSIS-id <&TSIS-id@neda.gov.ph>, &TSIS-od <&TSIS-od@neda.gov.ph>

*Sent on behalf of Undersecretary Rosemarie G. Edillon***Dear DENR-Office of the Secretary,**

This is to transmit the attached request letter for DENR. We hope to hear from you on or before **08 April 2022**.

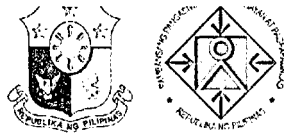
Kindly acknowledge receipt.

We are grateful in advance for your support.

Best regards,

Industry Division
Trade, Services and Industry Staff

2 attachments **[DENR] Letter Request RA 11647 FIA IRR.pdf**
550K **[DENR] Attachment 1_IRR Matrix.docx**
97K



REPUBLIC OF THE PHILIPPINES

NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

30 March 2022

ACTING SECRETARY JIM O. SAMPULNA

Department of Environment and Natural Resources
DENR Compound, Visayas Avenue,
Diliman, Quezon City

Dear **Acting Secretary Sampulna:**

In line with the enactment of the Republic Act No. 11647 or An Act Promoting Foreign Investments, Amending Thereby Republic Act No. 7042, Otherwise Known As The "Foreign Investments Act of 1991", As amended, And For Other Purposes, NEDA is now in the process of formulating its Implementing Rules and Regulations (IRR).

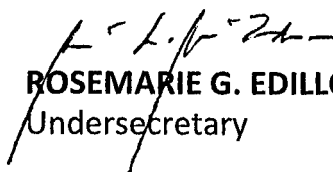
To facilitate the drafting of the IRR, we would like to request the Department of Environment and Natural Resources (DENR) to provide a proposed text/language or inputs on the pertinent rules/sections under your purview (see Attachment 1). Also enclosed with this letter is Annex A, which contains information on how to use/fill out Attachment 1. We kindly request as well that the inputs for submission to NEDA be reviewed and vetted by the DENR's technical and legal units.

Due to the urgency of the matter, we would appreciate receiving the DENR's response on or before **08 April 2022**, including the names and contact details of the technical and legal representatives of the DENR to whom NEDA can liaise on this matter moving forward.

For any clarifications and submission, please get in touch with Ms. Vanessa M. Candido (VMCandido@neda.gov.ph) and Ms. Zara Fiel O. Sibulo (ZOSibulo@neda.gov.ph) of the Trade, Services and Industry Staff (TSIS), copy furnished the Industry Division (tsis-id@neda.gov.ph). They may also be reached at 8631-0945 local 511 or 21508.

Thank you very much.

Very truly yours,


ROSEMARIE G. EDILLON
Undersecretary

HOW TO USE/FILL OUT ATTACHMENT 1: IRR MATRIX TEMPLATE

INSTRUCTIONS:

1. Column 1 contains the integrated FIA laws [RA 7042 (1991), RA 8179 (1996), and RA 11647 (2022)] for reference.
2. Column 2 contains the existing IRR of RA 7042 (1991), as amended by RA 8179 (1996) for reference.
3. Column 3 contains the NEDA's requested actions/inputs from the DENR on the pertinent rules/sections of the existing IRR (column 2). This column shall also contain the DENR's response or proposed language on the pertinent rules/sections specified above for the UPDATED IRR of RA 11647 (2022).

Please refer to the following list to guide you on our specific requests:

- a. Rule III – Please vet or provide update, if any, particularly the insertion of Section 3 (digitalizing all procedures under the Rule either through the online portal or through the CBP). [Note: NEDA has supplied inputs for vetting. In addition, we request the DENR's contact focal concerned to discuss the possibility of digitalizing/operationalizing registration of DENR procedure mentioned under Rule XVII, via a one-stop or online portal, moving forward. If this is already being done, specify focal/office in charge, for future coordination].
- b. Rule XVII – Request updates or appropriate language from the DENR on Rule XVII, if there are any.

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IRR Matrix Template
RA 7042, as amended by RA 8179 (1996) and RA 11647 (2022) vis-à-vis 1996 IRR

As of 11 March 2022

(Integrated) RA 7042, as amended by RA 8179 and RA 11647	(Existing) IRR of RA 7042, as amended by RA 8179 (1996)	DENR response/proposed language on the IRR of RA 11647 (2022)
<p style="text-align: center;">REPUBLIC ACT NO. 7042 (as amended by RA 8179)</p> <p style="text-align: center;">AN ACT TO PROMOTE FOREIGN INVESTMENTS, PRESCRIBE THE PROCEDURES FOR REGISTERING ENTERPRISES DOING BUSINESS IN THE PHILIPPINES, AND FOR OTHER PURPOSES</p> <p>SECTION 1. <i>Title.</i> — This Act shall be known as the "Foreign Investments Act of 1991".</p>	<p style="text-align: center;">IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 7042 (FOREIGN INVESTMENT ACT OF 1991) AS AMENDED BY REPUBLIC ACT NO. 8179¹</p>	
<p>SECTION 2. <i>Declaration of Policy.</i> — Recognizing that increased capital and technology benefits the Philippines and that global and regional economies affect the Philippine economy, it is the policy of the State to attract, promote and welcome productive investments from foreign individuals, partnerships, corporations, and governments, including their political subdivisions, in activities which significantly contribute to sustainable, inclusive, resilient, and innovative economic growth, productivity, global competitiveness, employment creation, technological advancement, and</p>		

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<p>countrywide development to the extent that foreign investment is allowed in such activity by the Constitution and relevant laws, and consistent with the protection of national security. Foreign investments shall be encouraged in enterprises that significantly expand livelihood and employment opportunities for Filipinos; enhance economic value of agricultural products; promote the welfare of Filipino consumers; expand the scope, quality and volume of exports and their access to foreign markets; and/or transfer relevant technologies in agriculture, industry and support services. Foreign investments shall be welcome as a supplement to Filipino capital and technology in those enterprises serving mainly the domestic market.</p> <p>The State shall promote accountability and integrity in public office, as well as the promotion and administration of efficient public service to entice foreign investments.</p> <p>Foreign investments shall be conducted based on the principles of transparency, reciprocity, equity, and economic cooperation.</p> <p>As a general rule, there are no restrictions on extent of foreign ownership of export enterprises. In domestic market enterprises, foreigners can invest as much as one hundred percent (100%) equity except in areas included in the negative list. Foreign owned firms catering mainly to the domestic market shall be encouraged to undertake measures that will gradually increase Filipino participation in their businesses by taking in Filipino partners, electing Filipinos to the</p>		
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<p>board of directors, implementing transfer of technology to Filipinos, generating more employment for the economy and enhancing skills of Filipino workers.</p>		
<p>SECTION 3. <i>Definitions.</i> — As used in this Act: (a) The term "Philippine national" shall mean a citizen of the Philippines or a domestic partnership or association wholly owned by citizens of the Philippines; or a corporation organized under the laws of the Philippines of which at least sixty percent (60%) of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; or a corporation organized abroad and registered as doing business in the Philippines under the Corporation Code of which one hundred percent (100%) of the capital stock outstanding and entitled to vote is wholly owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least sixty (60%) of the fund will accrue to the benefit of the Philippine nationals: <i>Provided</i>, That where a corporation and its non-Filipino stockholders own stocks in a Securities and Exchange Commission (SEC) registered enterprise, at least sixty percent (60%) of the capital stocks outstanding and entitled to vote of both corporations must be owned and held by citizens of the Philippines and at least sixty percent (60%) of the members of the Board of Directors, in order that the</p>	<p style="text-align: center;">RULE I. DEFINITIONS</p> <p>SECTION 1. DEFINITION OF TERMS. – For purposes of these Rules and Regulations:</p> <p>a. Act shall refer to Republic Act No. 7042 entitled “An Act to Promote Foreign Investments, Prescribe the Procedures for Registering Enterprises Doing Business in the Philippines, and for Other Purposes”, also known as the Foreign Investments Act of 1991, as amended by Republic Act No. 8179.</p> <p>b. Philippine national shall mean a citizen of the Philippines or a domestic partnership or association wholly owned by citizens of the Philippines; or a corporation organized under the laws of the Philippines of which at least sixty percent (60%) of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; <i>or a corporation organized abroad and registered as doing business in the Philippines under the Corporation Code of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos</i>; or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least sixty percent (60%) of the fund will accrue to the benefits of Philippine nationals; <i>Provided</i>, That where a corporation and its non-Filipino stockholders own stocks in a Securities and Exchange Commission (SEC) registered enterprise, at least sixty percent (60%) of the capital stock outstanding and</p>	

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<p>corporations shall be considered a Philippine national;</p> <p>(b) The term "investment" shall mean equity participation in any enterprise organized or existing under the laws of the Philippines and duly recorded in the enterprise's stock and transfer book, or any equivalent registry of ownership;</p> <p>(c) The term "foreign investment" shall mean an equity investment made by a non-Philippine national in the form of foreign exchange and/or other assets actually transferred to the Philippines and duly registered with the Bangko Sentral ng Pilipinas;</p> <p>(d) The phrase "doing business" shall include soliciting orders, service contracts, opening offices, whether called "liaison" offices or branches; appointing representatives or distributors domiciled in the Philippines or who in any calendar year stay in the country for a period or periods totalling one hundred eighty (180) days or more; participating in the management, supervision or control of any domestic business, firm, entity or corporation in the Philippines; and any other act or acts that imply a continuity of commercial dealings or arrangements, and contemplate to that extent the performance of acts or works, or the exercise of some of the functions normally incident to, and in</p>	<p>entitled to vote <i>of each</i> of both corporations must be owned and held by citizens of the Philippines and at least sixty percent (60%) of the members of the Board of Directors <i>of each</i> of both corporations must be citizens of the Philippines, in order that the corporation shall be considered a Philippine national. The control test shall be applied for this purpose.</p> <p>Compliance with the required Filipino ownership of a corporation shall be determined on the basis of outstanding capital stock whether fully paid or not, but only such stocks which are generally entitled to vote are considered.</p> <p>For stocks to be deemed owned and held by Philippine citizens or Philippine nationals, mere legal title is not enough to meet the required Filipino equity. Full beneficial ownership of the stocks, coupled with appropriate voting rights is essential. Thus, stocks, the voting rights of which have been assigned or transferred to aliens cannot be considered held by Philippine citizens or Philippine nationals.</p> <p>Individuals or juridical entities not meeting the aforementioned qualifications are considered as non-Philippine nationals.</p> <p>c. Foreign corporation shall mean one which is formed, organized or existing under laws other than those of the Philippines.</p> <p><i>Branch office</i> of a foreign company carries out the business activities of the head office and derives income from the host country.</p> <p><i>Representative or liaison office</i> deals directly with the clients</p>	
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<p>progressive prosecution of, commercial gain or of the purpose and object of the business organization; <i>Provided, however,</i> That the phrase "doing business: shall not be deemed to include mere investment as a shareholder by a foreign entity in domestic corporations duly registered to do business, and/or the exercise of rights as such investor; nor having a nominee director or officer to represent its interests in such corporation; nor appointing a representative or distributor domiciled in the Philippines which transacts business in its own name and for its own account;</p> <p>(e) The term "export enterprise" shall mean an enterprise wherein a manufacture, processor or service (including tourism) enterprise exports sixty per cent (60%) or more of its output, or wherein a trader purchases products domestically and exports sixty per cent (60%) or more of such purchases;</p> <p>(f) The term "domestic market enterprise" shall mean an enterprise which produces goods for sale, or renders services to the domestic market entirely or if exporting a portion of its output fails to consistently export at least sixty percent (60%) thereof; and</p> <p>(g) The term "Foreign Investments Negative List" or "Negative List" shall mean a list of areas of economic activity whose foreign</p>	<p>of the parent company but does not derive income from the host country and is fully subsidized by its head office. It undertakes activities such as but not limited to information dissemination and promotion of the company's products as well as quality control of products.</p> <p>d. Investment shall mean equity participation in any enterprise organized or existing under the laws of the Philippines. It includes both original and additional investments, whether made directly as in stock subscription, or indirectly through the transfer of equity from one investor to another as in stock purchase. Ownership of bonds (including income bonds), debentures, notes or other evidences of indebtedness does not qualify as investment.</p> <p>The purchase of stock options or stock warrants is not an investment until the holder thereof exercises his option and actually acquires stock from the corporation.</p> <p>e. Foreign investment shall mean an equity investment made by a non-Philippine national; <i>Provided, however,</i> that for purposes of determining foreign ownership, peso investments made by non-Philippine nationals shall be considered; <i>Provided, further,</i> that only foreign investments in the form of foreign exchange and/or other assets actually transferred to the Philippines and duly registered with the Central Bank (CB) and profits derived therefrom can be repatriated; and <i>Provided, finally,</i> That, for purposes of Section 8 of the Act, and Rule VIII, Section 6 of these Rules and Regulations, Existing Foreign Investment shall mean an equity investment made by a non-Philippine national duly registered with the SEC or the Bureau of Trade Regulation and Consumer Protection (BTRCP) in the form of foreign</p>	
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<p>ownership is limited to a maximum of forty percent (40%) of the equity capital of the enterprises engaged therein.</p> <p>(h) The term "practice of profession" shall mean an activity or undertaking rendered and performed by a registered and duly licensed professional or holder of a special temporary permit as defined in the scope of practice of a professional regulatory law; and</p> <p>(i) The term "pipeline transportation" shall mean the sector which includes transport of goods or materials through a pipeline such as crude, refined petroleum, natural gas, biofuels, and other chemically stable substance."</p>	<p>exchange and/or other assets transferred to the Philippines.</p> <p>f. Doing business shall include soliciting orders, service contracts, opening offices, whether liaison offices or branches; appointing representatives or distributors, operating under full control of the foreign corporation, domiciled in the Philippines or who in any calendar year stay in the country for a period or periods totaling one hundred eighty (180) days or more; participating in the management, supervision or control of any domestic business, firm, entity or corporation in the Philippines; and any other act or acts that imply a continuity of commercial dealings or arrangements, and contemplate to that extent the performance of acts or works, or the exercise of some of the functions normally incident to and in progressive prosecution of commercial gain or of the purpose and object of the business organization. The following acts shall not be deemed "doing business" in the Philippines:</p> <p>(1) Mere investment as a shareholder by a foreign entity in domestic corporations duly registered to do business, and/or the exercise of rights as such investor;</p> <p>(2) Having a nominee director or officer to represent its interests in such corporation;</p> <p>(3) Appointing a representative or distributor domiciled in the Philippines which transacts business in the representative's or distributor's own name and account;</p> <p>(4) The publication of a general advertisement through any print or broadcast media;</p> <p>(5) Maintaining a stock of goods in the Philippines solely for</p>	
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	<p>the purpose of having the same processed by another entity in the Philippines;</p> <p>(6) Consignment by a foreign entity of equipment with a local company to be used in the processing of products for export;</p> <p>(7) Collecting information in the Philippines; and</p> <p>(8) Performing services auxiliary to an existing isolated contract of sale which are not on a continuing basis, such as installing in the Philippines machinery it has manufactured or exported to the Philippines, servicing the same, training domestic workers to operate it, and similar incidental services.</p> <p>g. Export enterprise shall mean an enterprise wherein a manufacturer, processor or service (including tourism) enterprise exports sixty percent (60%) or more of its output, or wherein a trader purchases products domestically and exports sixty percent (60%) or more of such purchases.</p> <p>h. Exports shall mean the volume or the Philippine port F.O.B. peso value, determined from invoices, bills of lading, inward letters of credit, loading certificates, and other commercial documents, of products exported directly by an export enterprise or the value of services including tourism sold by service-oriented enterprises to non-resident foreigners or the net selling price of export products sold by an export enterprise to another export enterprise that subsequently exports the same; <i>Provided</i>, That sales of export products to another export enterprise shall only be deemed exports when actually exported by the latter, as evidenced by loading certificates or similar commercial documents; and <i>Provided, finally</i>, that without actual exportation, the following shall be</p>	
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	<p>considered constructively exported for purposes of the Act: (1) sales of products to bonded manufacturing warehouses of export enterprises; (2) sales of products to export processing zone enterprises; (3) sales of products to export enterprises operating bonded trading warehouses supplying raw materials used in the manufacture of export products; and (4) sales of products to foreign military bases, diplomatic missions and other agencies and/or instrumentalities granted tax immunities of locally manufactured, assembled or repacked products whether paid for in foreign currency or pesos funded from inwardly remitted foreign currency.</p> <p>Sales of locally manufactured or assembled goods for household and personal use to Filipinos abroad and other non-residents of the Philippines as well as returning overseas Filipinos under the Internal Export Program of the Government and paid for in convertible foreign currency inwardly remitted through the Philippine banking system shall also be considered exports.</p> <p>i. Output shall refer to the export enterprise's total sales in a taxable year, The term sales shall refer to value in case of heterogeneous products and volume in case of homogeneous products.</p> <p><i>Heterogeneous products</i> shall refer to products of different kinds and characteristics as well as to those of the same kind but with various categories using different units of measurement.</p> <p><i>Homogeneous products</i> shall refer to products of the same kind or category using a common unit of measurement.</p>	
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	<p>j. Export ratio shall refer to:</p> <p>(1) the percentage share of the volume or peso value of goods exported to the total volume or value of goods sold in any taxable year if the export enterprise is engaged in manufacturing or processing;</p> <p>(2) the percentage share of the peso value of services sold to foreigners to total earnings or receipts from the sale of its services from all sources in any taxable year if the export enterprise is service-oriented; <i>Value of services sold</i> shall refer to the peso value of all services rendered by an export enterprise to foreigners that are paid for in foreign currency and/or pesos funded from inwardly remitted foreign currency as properly documented by the export enterprise; or</p> <p>(3) the percentage share of the volume or peso value of goods exported to the total volume or value of goods purchased domestically in any taxable year if the export enterprise is engaged in merchandise trading.</p> <p>k. Domestic market enterprise shall mean an enterprise which produces goods for sale, renders service, <i>or otherwise engages in any business in the Philippines.</i></p> <p>l. Joint venture shall mean two or more entities, whether natural or juridical, one of which must be a Philippine national, combining their property, money, efforts, skills or knowledge to carry out a single business enterprise for profit, which is duly registered with the SEC as a corporation or partnership.</p> <p>m. Substantial partner shall mean an individual or a firm</p>	
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	<p>who owns enough shares to be entitled to at least one (1) seat on the Board of Directors of a corporation, or in the case of a partnership, any partner.</p> <p>n. Dangerous drug as defined under Republic Act 6425 or the Dangerous Drugs Act, as amended, refers to either:</p> <p>(1) "<i>Prohibited drug</i>" which includes opium and its active components and derivatives, such as heroin and morphine; coca leaf and its derivatives, principally cocaine; alpha and beta eucaine; hallucinogen drugs, such as mescaline, lysergic and diethylamide (LSD) and other substances producing similar effects; Indian hemp and its derivatives; all preparations made from any of the foregoing; and other drugs and chemical preparations whether natural or synthetic, with the physiological effects of a narcotic or hallucinogenic drug; or</p> <p>(2) "<i>Regulated drug</i>" which includes, unless authorized by the Department of Health (DOH) and in accordance with the Dangerous Drugs Board, self-inducing sedatives, such as secobarbital, phenobarbital, pentobarbital, barbital, amobarbital or any other drug which contains a salt or a derivative of salt of barbituric acid; any salt, isomer, or salt of an isomer, of amphetamine such as benzedrine or dexedrine, or any drug which produces a physiological action similar to amphetamine; and hypnotic drugs, such as methaqualone, nitrazepam or any other compound producing similar physiological effects.</p> <p>o. Advanced technology refers to a higher degree or form of technology than what is domestically available and needed for the development of certain industries as subject to guidelines</p>	
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	<p>of the Department of Science and Technology (DOST). Its introduction into the country through foreign investments under the terms and conditions of the Act must be linked to its appropriateness and adaptability to local conditions with a view towards eventual transfer and applicability including the upgrading of the indigenous technology available.</p> <p>p. Paid-in equity capital shall mean the total investment in a business that has been paid-in in a corporation or partnership or invested in a single proprietorship, which may be in cash or in property. It shall also refer to inward remittance or assigned capital in the case of foreign corporations.</p> <p>q. Foreign Investment Negative List (FINL) or Negative List shall mean a list of areas of economic activity whose foreign ownership is limited to a maximum of forty percent (40%) of the outstanding capital stock in the case of a corporation or capital in the case of partnership.</p> <p>r. NEDA Board shall refer to the body constituted as such under Executive Order No. 230 entitled "Reorganizing the National Economic and Development Authority" and in which reside the powers and functions of the Authority.</p> <p>s. NEDA shall refer to the NEDA Secretariat, which is the body constituted as such under Executive Order No. 230 and which serves as the research and technical support arm and the Secretariat of the NEDA Board.</p> <p>t. SEC shall refer to the Securities and Exchange Commission.</p> <p>u. BTRCP shall refer to the Bureau of Trade Regulation and</p>	
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	<p>Consumer Protection as represented by the provincial offices of the Department of Trade and Industry (DTI).</p> <p>v. BOI shall refer to the Board of Investments.</p> <p>w. Technology Transfer Board shall refer to the Bureau of Patents, Trademarks and Technology Transfer (BPTTT).</p> <p><i>x. Former natural-born Filipinos shall mean those who have lost Philippine citizenship but were previously citizens of the Philippines falling in either of the following categories: (a) from birth without having to perform any act to acquire or perfect their Philippine citizenship; or (b) by having elected Philippine citizenship upon reaching the age of majority, if born before January 17, 1973, of Filipino mothers.</i></p> <p><i>y. Transferee of private land shall mean a person to whom the ownership rights of private land is transferred through either voluntary or involuntary sale, devise or donation. Involuntary sales shall include sales on tax delinquency, foreclosures and executions of judgment.</i></p> <p><i>z. Direct employees shall mean Filipino personnel hired and engaged under the control and supervision of the applicant investor/employer in the production of goods or performance of services. Excluded from this definition are personnel hired as casual, seasonal, learner, apprentice or any employee of subcontractor or those under fixed term employment.</i></p> <p><i>aa. Start of commercial operations shall mean the date when a particular enterprise actually begins production of the product for commercial purposes or commercial harvest in the case of agricultural activities. In the case of service</i></p>	
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	<p><i>oriented activities, the date when the enterprise begins catering or servicing its clients on a commercial basis. In the case of export traders and service exporters, the date when the initial export shipment in commercial quantity has been made or initial performance of service as borne out by the appropriate supporting documents.</i></p>	
<p>SECTION 4. <i>Inter-Agency Investment Promotion Coordination Committee.</i> — There is hereby created the "Inter-Agency Investment Promotion Coordination Committee", hereinafter referred to as the "IIPCC", which shall be the body that will integrate all promotion and facilitation efforts to encourage foreign investments in the country. The Department of Trade and Industry (DTI) shall act as the IIPCC's lead agency. The IIPCC shall be composed of the:</p> <ul style="list-style-type: none"> (a) Secretary of the DTI, to preside as Chairperson; (b) Secretary/Undersecretary of the Department of Finance (DOF) as Vice-chairperson; (c) One (1) representative from the DTI-Board of Investments (BOI); (d) One (1) representative from the DTI-Philippine Economic Zone Authority (PEZA); (e) One (1) representative from the Department 		<p>RULE ___ INTER-AGENCY INVESTMENT PROMOTION COORDINATION COMMITTEE. b. Section 4 of RA 11647 (New Rule) -</p>

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<p>of Foreign Affairs (DFA), Office of the Undersecretary for Multicultural Affairs and International Economic Relations (OUMAIER);</p> <p>(f) One (1) representative from the National Economic and Development Authority (NEDA);</p> <p>(g) One (1) representative from the Department of Information and Communications Technology (DICT);</p> <p>(h) One (1) representative from the Commission on Higher Education (CHED);</p> <p>(i) One (1) representative from the Technical Education and Skills Development Authority (TESDA);</p> <p>(j) Four (4) representatives composed of one (1) representative each from the National Capital Region (NCR), Luzon, Visayas and Mindanao, to be chosen from a list of nominees prepared and submitted by nationally recognized leading industry or business chambers, who shall be of known competence, probity, integrity and expertise in any of the fields of investment, advertising, banking, finance management and law, with at least ten (10) years of outstanding management or leadership experience.</p>		
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<p>The Chairperson may from time to time, as a particular foreign investment may require, request the participation of other government departments and agencies or instrumentalities, local government units (LGUs), nongovernmental organizations (NGOs) and local business chambers and enterprises.</p> <p>The IIPCC shall coordinate and, when necessary, partner with and assist the Bases Conversion and Development Authority (BCDA), Authority of the Freeport Area of Bataan (AFAB), Clark Development Corporation (CDC), Subic Bay Metropolitan Authority (SBMA), Cagayan Economic Zone Authority (CEZA), John Hay Management Corporation (JHMC), Poro Point Management Corporation (PPMC), Zamboanga City Special Economic Zone Authority (ZCSEZA), PHIVIDEC Industrial Authority (PIA), Aurora Pacific Economic Zone and Freeport Authority (APECO), Tourism Infrastructure and Enterprise Zone Authority (TIEZA) and all other similar existing authorities or that may be created by law, in promoting foreign investments to the country: Provided, That this shall not include the administration, design, and grant of fiscal incentives.</p> <p>The BOI is designated as the secretariat of the IIPCC, implementing its policies and resolutions.</p>		
<p>SECTION 4-A. <i>Powers and Functions of the IIPCC.</i> –</p> <p>(a) To establish both a medium-and-long-term Foreign Investment Promotion and Marketing Plan (FIPMP), coordinating all</p>		<p>RULE ___ POWERS AND FUNCTIONS OF THE IIPCC. –</p> <p>c. Section 4A of RA 11647 (New Rule) -</p>

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<p>existing investment development plans and programs under the BOI, PEZA, and various investment promotion agencies (IPAs), LGUs, and other agencies, as delineated in Section 4-B of this Act;</p> <p>(b) To design a comprehensive marketing strategy and campaign, promoting the country as a desirable investment area;</p> <p>(c) To support inbound and outbound foreign direct and trade missions for new international markets to explore the country as a possible location to do business;</p> <p>(d) To encourage and support research and development in priority areas indicated by the FIPMP;</p> <p>(e) To monitor actual performance against measurable and timebound targets in the FIPMP, to include job generation;</p> <p>(f) To submit annual evaluation and reports to the President of the Philippines and the Congress regarding the activities of the IPCC;</p> <p>(g) To establish and regularly update an online database including a directory of ready local partners from priority sectors under the FIPMP, as a tool for promoting</p>		
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<p>investments and business matching in local supply chains; and</p> <p>(h) To support local government efforts to promote foreign direct investments, expedite compliance with national requirements and address other safeguards and services requested by foreign investors in their different localities involved with said foreign investments.”</p>		
<p>SECTION 4-B. <i>Development of the Foreign Investment Promotion and Marketing Plan (FIPMP)</i> – A comprehensive and strategic Foreign Investment Promotion and Marketing Plan (FIPMP) shall be developed by the IIPCC for the medium five-year and the long-term ten-year plan: <i>Provided, That, it is based on competitive advantages, natural resources, skill and educational development, traditional linkages, and international market potential, and it is fully consistent with the strategic investment priorities plan under Title XIII of the National Internal Revenue Code, as amended: Provided, further, That, an online portal containing the FIPMP shall thereafter be uploaded, containing further details regarding the IIPCC’s procedure, contacts, schedules, among others.</i></p> <p>Said database should also include a directory of local enterprises capable and willing to partner with potential foreign investors. The IIPCC shall consult local chambers of commerce, sectoral, business groups, and other individual partners whenever foreign applicants seek partners, subcontractors, suppliers, and other local</p>		<p>RULE ____ DEVELOPMENT OF THE FOREIGN INVESTMENT PROMOTION AND MARKETING PLAN (FIPMP) – d. Section 4B of RA 11647 (New Rule) –</p>

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<p>business counterparts.</p> <p>Similarly, Department of Education (DepEd), CHED, TESDA, Department of Labor and Employment (DOLE), the Professional Regulation Commission (PRC), and other training agencies involved in education and skills development shall likewise direct curriculum and training efforts toward manpower requirements of the FIPMP.</p> <p>The IIPCC shall coordinate with the concerned government agencies to ensure their alignment with the FIPMP.</p> <p>DTI shall promulgate such rules and regulations necessary to implement this provision.</p>		
	<p style="text-align: center;"><u>RULE III. BASIC GUIDELINES</u></p> <p>SECTION 1. The Act covers restrictions pertaining to foreign equity participation only. All other regulations governing foreign investments remain in force.</p> <p>SECTION 2. MONITORING OF COMPLIANCE WITH EQUITY PARTICIPATION REQUIREMENTS. The SEC or BTRCP, as applicable, shall monitor the compliance with the equity requirements of the Act.</p>	<p style="text-align: center;"><u>RULE III. BASIC GUIDELINES</u></p> <p>SECTION 1. The Act covers restrictions pertaining to foreign equity participation only. All other regulations governing foreign investments remain in force.</p> <p>SECTION 2. MONITORING OF COMPLIANCE WITH EQUITY PARTICIPATION REQUIREMENTS. The SEC or BTRCP DTI, as applicable, shall monitor the compliance with the equity requirements of the Act.</p> <p>SECTION 3: METHOD OF FILING; FEES – APPLICATION FOR REGISTRATION, CHANGE OF STATUS, CERTIFICATION OR CLEARANCE THAT ARE REQUIRED UNDER THIS RULES AND REGULATIONS SHALL BE FILED ELECTRONICALLY THROUGH A ONE PORTAL ONLINE SYSTEM PRESCRIBED BY THE IIPCC (?) OR</p>

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		<p><u>THROUGH THE CENTRAL BUSINESS PORTAL (?), WITH ALL CONCERNED GOVERNMENT AGENCIES, INTEGRATING THEIR CERTIFICATION/CLEARANCE SYSTEM UNDER THIS ONLINE SYSTEM WITH THE INTENTION OF STREAMLINING GOVERNMENT PROCEDURES AND EASE OF DOING BUSINESS; PROVIDED FURTHER THAT IN THE INTERIM OR IN THE EVENT THAT THE <u>ONLINE PORTAL OR CBP SYSTEM IS UNAVAILABLE, SUCH APPLICATION MAY BE FILED MANUALLY, IN THE MANNER PRESCRIBED BY THE CONCERNED AGENCY. THE APPLICABLE FEES SHALL BE DETERMINED BY THE SAME CONCERNED AGENCY.</u></u></p>
<p>SECTION 5. Registration of Investments of Non-Philippine Nationals. — Without need of prior approval, a non-Philippine national, as that term is defined in Section 3 (a), and not otherwise disqualified by law may, upon registration with the Securities and Exchange Commission (SEC), or the DTI in the case of single proprietorships, do business as defined in Section 3 (d) of this Act or invest in a domestic enterprise up to one hundred percent (100%) of its capital, unless participation of non-Philippine nationals in the enterprise is prohibited or limited to a smaller percentage by existing law and/or under the provisions of this Act. The SEC or the DTI, as the case may be, shall not impose any limitations on the extent of foreign ownership in an enterprise additional to those provided in this Act: <i>Provided, however,</i> That any enterprise seeking to avail of incentives under the Omnibus Investments Code of 1987 must apply for registration with the BOI, which shall process such application for registration in accordance with the criteria for evaluation prescribed in said Code:</p>	<p>RULE IV. REGISTRATION OF INVESTMENTS OF NON-PHILIPPINE NATIONALS</p> <p>SECTION 1. QUALIFICATIONS.</p> <p>a. Any non-Philippine national may do business or invest in a domestic enterprise up to one hundred percent (100%) of its capital provided:</p> <p>(1) it is investing in a domestic market enterprise in areas outside the FINL; or</p> <p>(2) it is investing in an export enterprise whose products and services do not fall within Lists A and B (except for defense-related activities, which may be approved pursuant to Section 8(b)(1) of the Act) of the FINL.</p> <p>Provided further that, as required by existing laws, the country or state of the applicant must also allow Filipino citizens and corporations to do business therein.</p>	<p>RULE IV. REGISTRATION OF INVESTMENTS OF NON-PHILIPPINE NATIONALS</p>

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<p><i>Provided, finally,</i> That a non-Philippine national intending to engage in the same line of business as an existing joint venture, in which he or his majority shareholder is a substantial partner, must disclose the fact and the names and addresses of the partners in the existing joint venture in his application for registration with SEC. During the transitory period as provided in Section 15 hereof, the SEC shall disallow registration of the applying non-Philippine national if the existing joint venture enterprise, particularly the Filipino partners therein, can reasonably prove they are capable to make the investment needed for the domestic market activities to be undertaken by the competing applicant. Upon effectivity of this Act, SEC shall effect registration of any enterprise applying under this Act within fifteen (15) days upon submission of completed requirements.</p>	<p>b. Non-Philippine national qualified to do business per paragraph (a) above, but who will engage in more than one investment area, one or more of which is in the FINL, may be registered under the Act. However, said non-Philippine national will not be allowed to engage in the investment areas which are in the FINL.</p> <p>c. Existing enterprises, which are non-Philippine nationals at the time of effectivity of the Act and which intend to increase the percentage of foreign equity participation under the Act, beyond that previously authorized by SEC, shall be governed by the qualifications in item (a) above. Thus, existing enterprises shall be allowed to increase the percentage share of foreign equity participation beyond current equity holdings only if their existing investment area is not in the FINL. Similarly, existing enterprises engaged in more than one (1) investment area shall be allowed to increase percentage of foreign equity participation if none of the investment areas they are engaged in is in the FINL.</p> <p>Existing foreign corporations shall be allowed to increase capital even if their existing investment area is in the FINL.</p> <p>Transfer of ownership from one foreign company to another shall be allowed even if the enterprise is engaged in an area in the FINL as long as there is no increase in the percentage share of foreign equity.</p> <p>SECTION 2. APPLICATION FOR REGISTRATION.</p> <p>a. <i>Filing of Application.</i> Applications for registration shall be filed with the SEC in the case of foreign corporations and domestic corporations or partnerships which are non-</p>	
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	<p>Philippine nationals. In the case of single proprietorships, applications for Metro Manila shall be filed with the BTRCP or the DTI-National Capital Region. In the provinces, applications may be filed with the extension offices of the SEC for corporations/partnerships and the provincial offices of the DTI for sole proprietorships.</p> <p>b. <i>Pre-Processing of Documents.</i> Pre-processing of documents shall be undertaken to assist the investor in determining the completeness of his documents. All applications are considered officially accepted only upon submission of complete documents to either the SEC or BTRCP. Applications for clearances from the Department of National Defense (DND) or Philippine National Police (PNP) for defense-related activities, or the DOST for investments involving advanced technology shall be decided upon by said agencies within fifteen (15) working days.</p> <p>c. <i>Approval.</i> Within fifteen (15) working days from official acceptance of an application, the SEC or BTRCP shall act on the same. Otherwise, the application shall be considered as automatically approved if it is not acted upon within said period for a cause not attributable to the applicant.</p> <p>SECTION 3. REGISTRATION WITH THE SEC.</p> <p>a. <i>Existing Requirements.</i> As required by laws and regulations, an application form together with the following documents shall be submitted to the SEC:</p> <p>(1) In the case of a new domestic corporation or a partnership:</p> <p>(i) Articles of Incorporation/Partnership</p>	
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	<p>(ii) Name Verification Slip</p> <p>(iii) Bank Certificate of Deposit</p> <p>(iv) ACR/ICR, SIRV (Special Investors Resident Visa), Visa #13 of the alien subscribers</p> <p>(v) Proof of Inward Remittance (for non-resident aliens)</p> <p>(2) In the case of a foreign corporation:</p> <p>(i) Name verification slip</p> <p>(ii) Certified Copy of Board Resolution authorizing the establishment of an office in the Philippines; designating the resident agent to whom summons and other legal processes may be served in behalf of the foreign corporation; and stipulating that in the absence of such agent or upon cessation of its business in the Philippines, the SEC shall receive any summons or legal processes as if the same is made upon the corporation at its home office.</p> <p>(iii) Financial statements for the immediately preceding year at the time of filing of the application, certified by an independent Certified Public Accountant of the home country.</p> <p>(iv) Certified copies of the Articles of Incorporation/Partnership with an English translation thereof if in a foreign language.</p> <p>(v) Proof of inward remittance such as bank certificate of inward remittance or credit advices.</p>	
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	<p>For representative offices, the amount remitted initially should be at least US\$30,000.</p> <p>If the paid-in equity/capital is in kind, additional requirements shall be submitted to the SEC pursuant to its existing rules and regulations.</p> <p>All documents executed abroad should be authenticated by the Philippine Embassy or Consular Office.</p> <p>(3) In the case of an existing corporation intending to increase foreign equity participation, all documents required of the proposed transaction under applicable laws, rules and regulations shall be submitted.</p> <p>b. <i>Additional Requirements.</i> As required by the Act, the following shall also be submitted to SEC:</p> <p>(1) For enterprises wishing to engage in defense-related activities, clearance from the DND or PNP.</p> <p>(2) For small and medium-sized domestic market enterprises with paid-in equity capital less than the equivalent of <i>US\$200,000 but not less than the equivalent of US\$100,000</i>, a certificate from the DOST that the investment involves advanced technology, <i>or a certificate from the appropriate Department of Labor and Employment (DOLE) Regional Office that the enterprise has issued an undertaking to employ at least 50 direct employees</i> shall be submitted.</p> <p><i>The DOLE, through its Regional Offices, shall validate and monitor compliance by the investor to the undertaking that it</i></p>	
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	<p><i>will hire at least 50 direct employees within six (6) months from the start of commercial operations. Non-satisfaction of the undertaking shall be reported by the DOLE Regional Office to the SEC, which shall cause the investor to satisfy the appropriate higher investment requirement, with penalty for failure to satisfy the undertaking.</i></p> <p><i>(3) For former natural born Filipinos wishing to engage in investment areas allowed to them under this Act, the following documents are required:</i></p> <p><i>(i) Copy of birth certificate</i></p> <p><i>(i.1) Certified by the local civil registrar or the National Statistics Office (NSO); or</i></p> <p><i>(i.2) For those born abroad, certificate of birth from the appropriate government agency of the country where the birth is recorded showing the father or mother to be a Filipino at the time of birth or if the citizenship of the parents is not indicated, additional proof that the parent/s is a Filipino citizen or has not lost his/her Filipino citizenship at the time of the applicant investor's birth;</i></p> <p><i>(ii) Those born before 17 January 1973 of Filipino mothers must additionally submit all of the following: certified true copies of his/her sworn statement of election of Filipino citizenship, oath of allegiance from the civil registrar where the documents were filed and/or forwarded, and identification certificate issued by the Bureau of Immigration;</i></p> <p><i>(iii) In case of loss and/or destruction of the record of birth</i></p>	
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	<p><i>or non-registration of birth</i></p> <p><i>(iii.1) Certificate of non-availability of birth certificate on account of loss and/or destruction of birth record from the local civil registrar and/or appropriate government agency if birth was registered abroad;</i></p> <p><i>(iii.2) Copy of birth certificate of mother or father certified by the local civil registrar or the NSO; and</i></p> <p><i>(iii.3) Affidavit of two (2) disinterested persons attesting to their personal knowledge that at the time of the applicant's birth, the child was born of a Filipino mother or father.</i></p> <p><i>Any document executed or issued abroad must be authenticated by the Philippine Embassy or consulate having jurisdiction over the place of execution or issuance of the document.</i></p> <p><i>c. Application Fee.</i> A reasonable application fee to be determined by the SEC shall be collected from each applicant.</p> <p><i>d. SEC Action.</i> Upon fulfillment of all SEC requirements and favorable evaluation by the SEC, the Certificate of Registration under the Act for domestic corporations and partnerships, or license to do business in the case of a foreign corporation, shall be issued by the SEC. In case of disapproval, the SEC shall also inform the applicant in writing of the reasons for the disapproval of the registration.</p> <p>SECTION 4. REGISTRATION WITH THE BTRCP — DEPARTMENT OF TRADE AND INDUSTRY.</p>	
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	<p>a. <i>Existing Requirements.</i> As required by existing laws and regulations, BTRCP Form No. 17 and accompanying documents shall be submitted to BTRCP.</p> <p>All documents executed abroad should be authenticated by the Philippine Embassy or Consular Office.</p> <p>b. <i>Additional Requirements.</i> The additional requirements for corporations and partnerships provided under Sec. 3 (b) hereof shall be complied with.</p> <p>c. <i>Application Fee.</i> A reasonable application fee to be determined by BTRCP shall be collected from each applicant.</p> <p>d. <i>BTRCP-DTI Action.</i> Upon fulfillment of all BTRCP-DTI requirements and favorable evaluation by DTI, the Certificate of Registration for Sole Proprietorship shall be issued by DTI. In case of disapproval, DTI shall also inform the applicant in writing of the reasons for the disapproval of the registration</p> <p>SECTION 5. REGISTRATION OF NON-PHILIPPINE NATIONALS INTENDING TO ENGAGE IN THE SAME LINE OF BUSINESS AS THEIR EXISTING JOINT VENTURE.</p> <p>a. During the transitory period, any applicant who has an investment in an existing joint venture, in which he or his majority shareholder in the existing joint venture is a substantial partner, shall be registered with the SEC or BTRCP in the same line of business if the Filipino partners representing the majority of the Filipino equity in the existing joint venture certify under oath that they are not capable and willing to make the investment needed for the domestic</p>	
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	<p>market activities, which is being proposed to be undertaken by the applicant.</p> <p>b. If the Filipino partners are willing and able to make the needed investment, the SEC shall not register the applicant, in which case, both joint venture partners may agree to undertake the expansion. Both partners are then required to place the balance of their agreed upon investment shares within six (6) months from the date of the agreement. The Filipino partner(s) shall not be compelled to make additional investment for the proposed expansion of domestic market activities if such will result in a higher Filipino equity share. If the Filipino partner(s) fails (fail) to infuse said capital within said period, per the report of the non-Philippine national applicant to the SEC, the SEC or BTRCP shall then allow the registration of said non-Philippine national applicant as a separate enterprise under the Act.</p>	
	<p style="text-align: center;">RULE V. REGISTRATION WITH THE CENTRAL BANK</p> <p>SECTION 1. CB REQUIREMENTS. Enterprises seeking to remit foreign exchange abroad for purposes of remittance of profits and dividends and capital repatriation in connection with the foreign investment made pursuant to the Act shall be deemed registered with the CB after SEC or BTRCP registration. For this purpose, CB rules and regulations covering procedures for registration of foreign investments shall be observed.</p>	
<p style="text-align: center;">SECTION 6. <i>Foreign Investments in Export</i></p>	<p style="text-align: center;">RULE VI. FOREIGN INVESTMENTS IN EXPORT</p>	

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<p><i>Enterprises.</i> — Foreign investment in export enterprises whose products and services do not fall within Lists A and B of the Foreign Investment Negative List provided under Section 8 hereof is allowed up to one hundred percent (100%) ownership.</p> <p>Export enterprises which are non-Philippine nationals shall register with BOI and submit the reports that may be required to ensure continuing compliance of the export enterprise with its export requirement. BOI shall advise SEC or DTI, as the case may be, of any export enterprise that fails to meet the export ratio requirement. The SEC or DTI shall thereupon order the non-complying export enterprise to reduce its sales to the domestic market to not more than forty percent (40%) of its total production; failure to comply with such SEC or DTI order, without justifiable reason, shall subject the enterprise to cancellation of SEC or DTI registration, and/or the penalties provided in Section 14 hereof.</p> <p>Export enterprises shall register and comply with the export requirements in accordance with Title XIII of the National Internal Revenue Code (NIRC), as amended, for purposes of availing tax incentive or benefit.</p>	<p style="text-align: center;">ENTERPRISES</p> <p>SECTION 1. ALLOWABLE FOREIGN EQUITY PARTICIPATION. Foreign equity participation in export enterprises shall be allowed up to one hundred percent (100%) provided that the products and services of such enterprises do not fall within Lists A and B of the FINL.</p> <p>SECTION 2. REGISTRATION OF EXPORT ENTERPRISES. Export enterprises shall be deemed registered with the BOI pursuant to Section 6 of the Act upon registration with the SEC or BTRCP.</p> <p>Enterprises registered under the Act seeking to avail of incentives under EO 226 must apply for registration with the BOI. Rules and regulations on EO 226 shall be observed for this purpose.</p> <p>Within ten (10) working days from the issuance of the certificate of registration, the SEC or BTRCP shall transmit to BOI copies of the Certificate of Registration together with the application from duly accomplished by the export enterprises.</p> <p>SECTION 3. SUBMISSION OF REPORTS. All duly-registered export enterprises under this Rule shall submit to the BOI a duly accomplished form within six (6) months after the end of each taxable year.</p> <p>Failure of export enterprises to submit the required reports within the prescribed period of time or the submission of fraudulent reports shall be a ground for the SEC or BTRCP to impose appropriate sanctions as provided for under Rule XVIII, Section 1, of these Rules and Regulations.</p>	
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	<p>SECTION 4. MONITORING OF COMPLIANCE WITH THE EXPORT REQUIREMENT. Upon receipt of the reports submitted by the export enterprise, the BOI shall determine compliance of the enterprise with the export requirement. If the enterprise fails to comply with the export requirement, the BOI shall advise the SEC or BTRCP of said failure. The SEC or BTRCP shall require the firm to immediately increase its export to at least sixty percent (60%) of total sales. If the firm fails to comply with the order of the SEC or BTRCP without any justifiable reason, it shall be penalized in accordance with the provisions of Rule XVIII, Section 1, of these Implementing Rules and Regulations. The BOI, in consultation with the SEC or BTRCP shall issue guidelines for this purpose.</p>	
<p>SECTION 7. <i>Foreign Investments in Domestic Market Enterprises.</i> — Non-Philippine nationals may own up to one hundred percent (100%) of domestic market enterprises unless foreign ownership therein is prohibited or limited by the Constitution and existing law or the Foreign Investment Negative List under Section 8 hereof.</p> <p>A domestic market enterprise may change its status to export enterprise if over a three (3) year period it consistently exports in each year thereof sixty per cent (60%) or more of its output.</p>	<p>RULE VII. FOREIGN INVESTMENTS IN DOMESTIC MARKET ENTERPRISES</p> <p>SECTION 1. ALLOWABLE FOREIGN EQUITY PARTICIPATION. Foreign equity participation in domestic market enterprises shall be allowed up to one hundred percent (100%) unless such participation is prohibited or limited by existing laws or the FINL.</p> <p>SECTION 2. CHANGE OF STATUS FROM DOMESTIC MARKET ENTERPRISE TO EXPORT ENTERPRISE. <i>A domestic market enterprise may change its status to an export enterprise any time by notifying the SEC or BTRCP.</i></p> <p>Section 2 of Rule VI shall apply for any change of status from domestic to export enterprise. Such application shall be</p>	

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	<p>supported by <i>relevant reports as evidence that the applicant enterprise has exported sixty percent (60%) or more of its output.</i></p> <p>The new export enterprise shall be subject to the <i>reportorial requirements and shall be monitored for its compliance with the export requirement under Sections 3 and 4, respectively, of Rule VI of these Rules and Regulations.</i></p>	
<p>SECTION 8. <i>List of Investment Areas Reserved to Philippine Nationals (Foreign Investment Negative List).</i> — The Foreign Investment Negative List shall have two (2) component lists: A and B:</p> <p>a) List A shall enumerate the areas of activities reserved to Philippine nationals by mandate of the Constitution and specific laws.</p> <p>b) List B shall contain the areas of activities and enterprises regulated pursuant to law:</p> <p>1) Which are defense-related activities, requiring prior clearance and authorization from Department of National Defense (DND) to engage in such activity, such as the manufacture, repair, storage and/or distribution of firearms, ammunition, lethal weapons, military ordinance, explosives, pyrotechnics and similar materials; unless such manufacturing or repair activity is specifically authorized by the Secretary of National Defense; or</p>	<p>RULE VIII. THE REGULAR FOREIGN INVESTMENT NEGATIVE LIST</p> <p>SECTION 1. DESCRIPTION. The Regular FINL shall have <i>two (2)</i> component lists: <i>A and B</i> which shall contain areas of economic activities reserved to Philippine nationals. The description and guidelines governing <i>Lists A and B</i> are provided for in <i>Rules IX and X</i> hereof, respectively.</p> <p>SECTION 2. FORMULATION. The NEDA shall be responsible for the formulation of the Regular FINL, following the process and criteria provided in Section 8 of the Act and in <i>Rules IX and X</i> hereof.</p> <p>SECTION 3. APPROVAL. The NEDA shall submit the proposed Regular FINL to the President for approval and promulgation. The NEDA shall submit the first Regular FINL <i>and subsequent proposed Regular FINLs</i> to the President at least forty five (45) days before the scheduled date of publication.</p> <p>SECTION 4. PUBLICATION. The NEDA shall publish the</p>	

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<p>2) Which have implications on public health and morals, such as the manufacture and distribution of dangerous drugs; all forms of gambling; nightclubs, bars, beerhouses, dance halls; sauna and steambath houses and massage clinics.</p> <p>Except as otherwise provided under Republic Act No. 8762, otherwise known as the Retail Trade Liberalization Act of 2000 and other relevant laws, micro and small domestic market enterprises with paid-in equity capital less than the equivalent of Two hundred thousand US dollars (US\$200,000.00), are reserved to Philippine nationals: <i>Provided</i>, That if (1) they involve advanced technology as determined by the Department of Science and Technology, or (2) they are endorsed as startup or startup enablers by the lead host agencies pursuant to Republic Act No. 11337, otherwise known as the Innovative Startup Act; or (3) a majority of their direct employees are Filipinos, but in no case shall the number of Filipino employees be less than fifteen (15), then a minimum paid-in capital of One hundred thousand US dollars (US\$100,000.00) shall be allowed to non- Philippine nationals: <i>Provided, further</i>, That registered foreign enterprises employing foreign nationals and enjoying fiscal incentives shall implement an understudy or skills development program to ensure the transfer of technology or skills to Filipinos. Compliance with this requirement shall be regularly monitored by the DOLE.</p> <p>Nothing in this Act shall operate as a cause for termination of employees hired prior to the effectivity of</p>	<p>first Regular Negative List not later than sixty (60) days before the end of the transitory period. <i>Subsequent Negative Lists shall be published not later than fifteen (15) days before the end of the effectivity of the current Negative List.</i></p> <p>SECTION 5. EFFECTIVITY. The first Regular Negative List shall become immediately effective at the end of the transitory period. Subsequent Regular FINLs shall become effective fifteen (15) days after publication in <i>a newspaper</i> of general circulation in the Philippines. Except for List A, each Regular FINL shall remain in force for two (2) years from the date of its effectivity.</p> <p>SECTION 6. COVERAGE OF OPERATION. Each Regular FINL shall apply only to new foreign investments and shall not affect existing foreign investments at the time of its publication.</p>	
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<p>this Act. In all cases, the provisions of Presidential Decree No. 442, otherwise known as the "Labor Code of the Philippines" and other applicable laws, rules and regulations issued by DOLE shall prevail.</p> <p>Amendments to List B may be made upon recommendation of the Secretary of National Defense, or the Secretary of Health, endorsed by the NEDA, or upon recommendation <i>motu proprio</i>, of NEDA, approved by the President, and promulgated through the issuance of the Foreign Investment Negative List by Executive Order.</p> <p>The Transitory Foreign Investment Negative List established in Sec. 15 hereof shall be replaced at the end of the transitory period by the first Regular Negative List to be formulated and recommended by the NEDA, following the process and criteria provided in Sections 8 and 9 of this Act. The first Regular Negative Lists shall be published not later than sixty (60) days before the end of the transitory period provided in said section, and shall become immediately effective at the end of the transitory period. Subsequent Foreign Investment Negative Lists shall become effective fifteen days (15) after publication in a newspapers of general circulation in the Philippines: <i>Provided, however</i>, That each Foreign Investment Negative List shall be prospective in operation and shall in no way affect foreign investments existing on the date of its publication.</p> <p>Amendments to the Foreign Investment Negative List shall not be made more often than once every two (2) years: <i>Provided</i>, That the NEDA, in consultation and</p>		
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<p>cooperation with the BOI, DTI, SEC, DICT, IPAs and other pertinent government agencies, shall, every two (2) years, (i) review the Foreign Investment Negative List, and (ii) submit to Congress an analysis of foreign investment performance economic activities of the industries under the Foreign Investment Negative List and the reasons for the recommended amendments, if any: <i>Provided, further,</i> That NEDA shall recommend to Congress investment-related matters requiring necessary legislation.</p>		
	<p style="text-align: center;">RULE IX. GUIDELINES FOR LIST A OF THE REGULAR FOREIGN INVESTMENT NEGATIVE LIST</p> <p>SECTION 1. COVERAGE. List A of the FINL shall consist of the areas of activities reserved to Philippine nationals where foreign equity participation in any domestic or export enterprise engaged in any activity listed therein shall be limited to a maximum of forty percent (40%) as prescribed by the Constitution and other specific laws.</p> <p>The NEDA shall make an enumeration of said activities reserved to Philippine nationals by the Constitution and other specific laws.</p> <p>SECTION 2. AMENDMENTS. Amendments to List A may be made by the NEDA any time to reflect changes made by law regarding the extent of foreign equity participation in any specific area of economic activity.</p>	

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	<p style="text-align: center;">RULE X. GUIDELINES FOR LIST B OF THE REGULAR FOREIGN INVESTMENT NEGATIVE LIST</p> <p>SECTION 1. COVERAGE. List B shall consist of the following:</p> <p>a. Activities <i>where foreign ownership is limited</i> pursuant to law <i>such as</i> defense or law enforcement-related, requiring prior clearance and authorization from the DND or PNP, to engage in such activity as the manufacture, repair, storage and/or distribution of firearms, ammunition, armored vests and other bullet proof attires, lethal weapons, military ordnance, explosives, pyrotechnics and similar materials.</p> <p>However, the manufacture and repair of said items may be specifically authorized by the Secretary of National Defense or Chief of the PNP, to non-Philippine nationals, provided a substantial percentage of output as determined by said agencies is exported.</p> <p>Compliance with the export requirement shall be monitored by the DND or PNP, as the case may be.</p> <p>b. Activities which have negative implications on public health and morals, such as the manufacture and distribution of dangerous drugs; all forms of gambling; sauna and steam bathhouses and massage clinics.</p> <p>c. Small and medium-sized domestic market enterprises with paid-in equity capital of less than <i>US\$200,000, or its equivalent; However, small and medium-sized domestic market enterprises which involve advanced technology or</i></p>	
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	<p><i>which issue an undertaking to employ at least fifty (50) direct employees are allowed a minimum paid-in capital of US\$100,000, or its equivalent.</i></p> <p>SECTION 2. PROCESS FOR DETERMINATION OF LIST B.</p> <p>a. Activities (a) and (b) above shall be determined upon recommendation of the Secretary of National Defense, Chief of the PNP, Secretaries of Health or Education, Culture and Sports and endorsed by the NEDA or upon recommendation motu proprio of NEDA, approved and promulgated by the President. List B shall be submitted for Presidential action together with List A. The NEDA shall inform said agencies of the deadline for the submission of their recommendations.</p> <p>b. Enterprises which are covered by Section 1 (c) above are automatically reserved to Philippine nationals.</p> <p>SECTION 3. AMENDMENTS. Amendments to List B shall be made only after two years, upon the recommendation of the Secretary of National Defense, Chief of the PNP, Secretaries of Health and Education, Culture and Sports, endorsed by the NEDA, or upon recommendation motu proprio of NEDA, approved and promulgated by the President. List B shall be submitted for Presidential action together with List A.</p>	
<p>SECTION 9. <i>Investment Rights of Former Natural-born Filipinos.</i> — For purposes of this Act, former natural born citizens of the Philippines shall have the same investment rights of a Philippine citizen in Cooperatives under Republic Act No. 6938. Rural Banks under Republic Act No. 7353, Thrift Banks and Private Development Banks</p>	<p>RULE XI. INVESTMENT RIGHTS OF FORMER NATURAL BORN FILIPINOS</p> <p><i>SECTION 1. Former natural born citizens of the Philippines shall have the same investment rights of a</i></p>	

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<p>under Republic Act No. 7906, and Financing Companies under Republic Act No. 5980. These rights shall not extend to activities reserved by the Constitution, including (1) the exercise of profession, (2) in defense-related activities under Section 8 (b) hereof, unless specifically authorized by the Secretary of National Defense, and (3) activities covered by Republic Act No. 1180 (Retail Trade Act), Republic Act No. 5487 (Security Agency Act), Republic Act No. 7076 (Small Scale Mining Act), Republic Act No. 3018, as amended (Rice and Corn Industry Act), and P.D. 449 (Cockpits Operation and Management).</p>	<p><i>Philippine citizen in Cooperatives under RA 6938, Rural Banks under RA 7353, Thrift Banks and Private Development Banks under RA 7906, Financing Companies under RA 5980, and activities listed under List B including defense-related activities, if specifically authorized by the Secretary of National Defense.</i></p>	
<p>SECTION 10. <i>Other Rights of Natural Born Citizen Pursuant to the Provisions of Article XII, Section 8 of the Constitution.</i> — Any natural born citizen who has lost his Philippine citizenship and who has the legal capacity to enter into a contract under Philippine laws may be a transferee of a private land up to a maximum area of five thousand (5,000) square meters in the case of urban land or three (3) hectares in the case of rural land to be used by him for business or other purposes. In the case of married couples, one of them may avail of the privilege herein granted: <i>Provided</i>, That if both shall avail of the same, the total area acquired shall not exceed the maximum herein fixed.</p> <p>In case the transferee already owns urban or rural land for business or other purposes, he shall still be entitled to be a transferee of additional urban or rural land for business or other purposes which when added to those already owned by him shall not exceed the maximum areas herein authorized.</p> <p>A transferee under this Act may acquire not more</p>	<p>RULE XII. RIGHTS OF FORMER NATURAL BORN FILIPINOS TO OWN PRIVATE LAND</p> <p><i>SECTION 1. Any natural born citizen who has lost his Philippine citizenship and who has the legal capacity to enter into a contract under Philippine laws may be a transferee of a private land up to a maximum area of 5,000 square meters in the case of urban land or three (3) hectares in the case of rural land to be used by him for business or other purposes.</i></p> <p><i>SECTION 2. In case where both spouses are qualified under the law, one of them may avail of the said privilege. However, if both shall avail of the privilege, the total area acquired shall not exceed the maximum allowed.</i></p> <p><i>SECTION 3. In case the transferee already owns urban or rural land for business or other purposes, he shall still be entitled to be a transferee of additional urban or rural land for business or other purposes which when added to those already owned by him shall not exceed the maximum areas</i></p>	

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<p>than two (2) lots which should be situated in different municipalities or cities anywhere in the Philippines: Provided, That the total land area thereof shall not exceed five thousand (5,000) square meters in the case of urban land or three (3) hectares in the case of rural land for use by him for business or other purposes. A transferee who has already acquired urban land shall be disqualified from acquiring rural land area and vice versa.</p>	<p><i>allowed.</i></p> <p><i>SECTION 4. A transferee may acquire not more than two (2) lots which should be situated in different municipalities or cities anywhere in the Philippines. The total land area acquired shall not exceed 5,000 square meters in the case of urban land or three (3) hectares in the case of rural land for use by him for business or other purposes. A transferee who has already acquired urban land shall be disqualified from acquiring rural land and vice versa. However, if the transferee has disposed of his urban land, he may still acquire rural land and vice versa, provided that the same shall be used for business or other purposes.</i></p> <p><i>SECTION 5. Land acquired under this Act shall be primarily, directly and actually used by the transferee in the performance or conduct of his business or commercial activities in the broad areas of agriculture, industry and services, including the lease of land, but excluding the buying and selling thereof. A transferee shall use his land to engage in activities that are not included in the Negative List or in those areas wherein investment rights have been granted to him under this Act.</i></p> <p><i>SECTION 6. REGISTRATION OF LAND. The Register of Deeds in the province or city where the land is located shall register the land in the name of the transferee only upon presentation of proof by the transferee that it will be used for any of the purposes mentioned in Section 5 above, i.e., certification of business registration issued by the DTI and affidavit that the land shall be used for business purposes.</i></p> <p><i>The provisions of BP 185 (An Act to Implement Section 15</i></p>	
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	<p><i>of Article XIV of the Constitution and for Other Purposes Pertaining to the Ownership of Private Lands for Residential Purposes by Former Natural Born Filipinos) and its implementing rules and regulations shall be adopted, where applicable, in the implementation of this Act through a circular to be issued by the Laud Registration Authority.</i></p> <p><i>The Register of Deeds shall also ensure that the limits prescribed by law are observed.</i></p>	
	<p style="text-align: center;">RULE XIII. TRANSITORY PROVISIONS</p> <p>SECTION 1. Prior to the effectivity of these Implementing Rules and Regulations, the provisions of Book II of EO 226 and its implementing rules and regulations shall govern the registration of foreign investments without incentives.</p> <p>SECTION 2. There shall be a transitory period of thirty-six (36) months after issuance of these Implementing Rules and Regulations to implement this Act.</p> <p>SECTION 3. During the transitory period, the Transitory FINL described in Rule XIV, Section 1 hereof shall take effect.</p>	
	<p style="text-align: center;">RULE XV. OPTIONS FOR EXISTING BOI-REGISTERED ENTERPRISES</p> <p>SECTION 1. Existing enterprise which have been issued Certificates of Authority to do Business or to Accept Permissible Investments under Book II of EO 226, Book II of</p>	

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	<p>PD 1789 and RA 5455, whose activities are included in the Transitory FINL or in subsequent Negative Lists, are allowed to continue to undertake the same activities which they have been authorized to do subject to the same terms and conditions stipulated in their certificates of registration.</p> <p>Those whose activities have been previously authorized under Book II of EO 226, Book II of PD 1789 and RA 5455, and whose activities are not in the Transitory FINL or in subsequent Negative Lists may opt to be governed by the provisions of the Act. Said enterprises shall be considered automatically registered with the SEC upon surrender of their certificates of authority to the BOI. The SEC shall issue a new certificate of authority upon advise of the BOI.</p> <p>SECTION 2. Existing enterprises with more than forty percent (40%) foreign equity which have availed of incentives under any of the investment incentives laws implemented by the BOI may opt to be governed by the Act. In such cases, said enterprises shall be required to surrender their certificates of registration, which shall be deemed as an express waiver of their privilege to apply for and avail of incentives under the incentives law under which they were previously registered. Subject to BOI rules and regulations, said enterprises may be required to refund all capital equipment incentives availed of.</p>	
<p>SECTION 11. <i>Compliance with Environmental Standards.</i> — All industrial enterprises regardless of nationality of ownership shall comply with existing rules and regulations to protect and conserve the environment and meet applicable environmental standards.</p>	<p><u>RULE XVII. COMPLIANCE WITH ENVIRONMENTAL STANDARDS</u></p> <p>SECTION 1. All industrial enterprises, regardless of nationality or ownership, shall comply with existing rules and</p>	<p><u>RULE XVII. COMPLIANCE WITH ENVIRONMENTAL STANDARDS</u></p>

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	<p>regulations, and applicable environmental standards set by the Department of Environment and Natural Resources (DENR) to protect and conserve the environment.</p> <p>The DENR shall provide the SEC with a list of environmentally critical activities/projects and areas. Necessary clearances may be secured after registration with the SEC.</p>	
<p>SECTION 12. <i>Consistent Government Action.</i> — No agency, instrumentality or political subdivision of the Government shall take any action on conflict with or which will nullify the provisions of this Act, or any certificate or authority granted hereunder.</p>	<p>RULE XVI. CONSISTENT GOVERNMENT ACTION</p> <p>SECTION 1. No agency, instrumentality or political subdivision of the Government shall take any action in conflict with or which will nullify the provisions of the Act, or any certificate or authority granted hereunder.</p>	
<p>SECTION 13. <i>Implementing Rules and Regulations.</i> —The NEDA, in consultation with the DTI and the DOF, is hereby directed to amend the existing rules and regulations necessary for the efficient implementation of this Act.</p>	<p>RULE XIX. EFFECTIVITY</p> <p>SECTION 1. These <i>amended</i> Implementing Rules and Regulations shall take effect fifteen (15) days after publication in a newspaper of general circulation in the Philippines.</p>	
<p>SECTION 14. <i>Administrative Sanctions.</i> — A person who violates any provision of this Act or of the terms and conditions of registration or of the rules and regulations issued pursuant thereto, or aids or abets in any manner any violation shall be subject to a fine not exceeding One hundred thousand pesos (P100,000.00).</p> <p>If the offense is committed by a juridical entity,</p>	<p>RULE XVIII. ADMINISTRATIVE SANCTIONS</p> <p>SECTION 1. FOREIGN INVESTMENTS IN EXPORT ENTERPRISES. Non-compliance by any duly-registered export enterprise with Rule VI, Sections 3 and 4 above shall be subject to the following sanctions:</p> <p>a. For late submission of the required annual report —</p>	

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<p>it shall be subject to a fine in an amount not exceeding 1/2 of 1% of total paid-in capital but not more than Five million pesos (P5,000,000.00). The president and/or officials responsible therefor shall also be subject to a fine not exceeding Two hundred thousand pesos (P200,000.00).</p> <p>In addition to the foregoing, any person, firm or juridical entity involved shall be subject to forfeiture of all benefits granted under this Act.</p> <p>SEC shall have the power to impose administrative sanctions as provided herein for any violation of this Act or its implementing rules and regulations.</p>	<p>1</p> <p>10,000.00</p> <p>ration granted</p> <p>submission of owing sanctions:</p> <p>1st violation — a fine of P50,000.00</p>	
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	<p>3rd violation fine in an amount not exceeding ½ of 1% of total paid-in capital but not more than P5 million P100,000.00</p> <p>Subsequent violations: Cancellation of registration granted under the Act</p> <p>The President and/or official/personnel of the partnership/corporation responsible in the failure to comply with the said SEC or BTRCP order shall be subject to the following sanctions:</p>	
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	<p>3rd violation — a fine of P200,000.00</p> <p>SECTION 2. COMPLIANCE WITH ENVIRONMENTAL STANDARDS. Any industrial enterprise, regardless of nationality of ownership which fails to comply with existing rules and regulations to protect and conserve the environment and meet applicable environmental standards shall be subject to the sanctions as may be provided for in the rules and regulations of the DENR.</p> <p>SECTION 3. HEARING OF VIOLATIONS OF THE ACT. The SEC or BTRCP shall adopt their respective rules and regulations for the purpose of conducting hearings and investigations involving violations of the provisions of the Act and these Implementing Rules and Regulations.</p> <p>SECTION 4. OTHER GROUNDS FOR CANCELLATION. The following are other grounds for the cancellation of the certificate of registration granted under the Act:</p> <p>a. Failure of a non-Philippine national intending to engage in the same line of business as an existing joint venture, in which he or his majority shareholder is a substantial partner, to disclose such fact and the names and addresses of the partners in the existing joint venture in his application for registration with the SEC; or</p> <p>b. Commission of any other fraudulent act.</p>	
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	<p>SECTION 5. OTHER VIOLATIONS. Any other violations of the Act and these Implementing Rules and Regulations shall be penalized in accordance with Section 14 of the Act.</p>	
<p>SECTION 15. <i>Transitory Provisions.</i> — Prior to effectivity of the implementing rules and regulations of this Act, the provisions of Book II of Executive Order 226 and its implementing rules and regulations shall remain in force.</p> <p>During the initial transitory period of thirty-six (36) months after issuance of the Rules and Regulations to implement this Act, the Transitory Foreign Investment Negative List shall consist of the following:</p> <p>A. <i>List A:</i></p> <ol style="list-style-type: none"> 1. All areas of investment in which foreign ownership is limited by mandate of Constitution and specific laws. <p>B. <i>List B:</i></p> <ol style="list-style-type: none"> 1. Manufacture, repair, storage and/or distribution of firearms, ammunitions, lethal weapons, military ordinance, explosives, pyrotechnics and similar materials required by law to be licensed by and under the continuing regulation of the Department of National Defense; unless such manufacturing 	<p>RULE XIV. TRANSITORY FOREIGN INVESTMENT NEGATIVE LIST</p> <p>SECTION 1. DESCRIPTION. The Transitory FINL shall consist of the following:</p> <p>a. List A</p> <p>All investment areas in which foreign ownership is limited by mandate of the Constitution and specific laws.</p> <p>b. List B</p> <p>(1) Manufacture, repair, storage and/or distribution of firearms, ammunition, armored vests and other bullet proof attires, lethal weapons, military ordnance, explosives, pyrotechnics and similar materials required by law to be licensed by and under the continuing regulation of the DND or the PNP, as the case may be.</p> <p>However, the manufacture or repair of these items may be specifically authorized by the Secretary of National Defense or the Chief of the PNP to non-Philippine nationals, provided a substantial percentage of output, as determined by the said agencies, is exported.</p> <p>The extent of foreign equity ownership allowed shall be</p>	

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<p>or repair activity is specifically authorized with a substantial export component, to a non-Philippine national by the Secretary of National Defense;</p> <p>2. Manufacture and distribution of dangerous drugs; all forms of gambling; nightclubs, bars, beerhouses, dance halls; sauna and steam bathhouses, massage clinic and other like activities regulated by law because of risks they may pose to public health and morals;</p> <p>3. Small and medium-size domestic market enterprises with paid-in equity capital or less than the equivalent of US\$200,000, Provided, That if (1) they involve advanced technology as determined by the Department of Science and Technology or (2) they employ at least fifty (50) direct employees, then a minimum paid-in capital of One hundred thousand US dollars (US\$100,000.00) shall be allowed to non-Philippine nationals.</p>	<p>specified in the said authority/clearance.</p> <p>Compliance with the export requirement shall be monitored by the DND or PNP, as the case may be.</p> <p>(2) Manufacture and distribution of dangerous drugs; all forms of gambling; sauna and steam bath houses, massage clinics and other like activities regulated by law because of risks they may pose to public health and morals.</p> <p>(3) Small and medium-sized domestic market enterprises with paid-in equity capital of less than the equivalent of US\$500,000, unless they involve advanced technology as determined by the DOST; and</p> <p>(4) Export enterprises which utilize raw materials from depleting natural resources, and with paid-in equity capital of less than the equivalent of US\$500,000.</p> <p>c. List C</p> <p>(1) Import and wholesale activities not integrated with the production or manufacture of goods.</p> <p>Import and wholesale activities which are considered to be not integrated with production or manufacture of goods are those carried out separately from or independently of any production activity.</p> <p>(2) Services requiring a license or specific authorization, and subject to continuing regulation by national government agencies other than the BOI and SEC which at the time of effectivity of the Act are restricted to Philippine nationals by</p>	
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	<p>existing administrative regulations and practice of the regulatory agencies concerned: <i>Provided</i>, That after effectivity of the Act, <i>no other services</i> shall be additionally subjected to such restrictions on nationality of ownership by the corresponding regulatory agencies through administrative regulations, and such restrictions once removed shall not be reimposed except through legislation or inclusion in the regular Negative List.</p> <p>(3) Enterprises owned in the majority by non-Philippine nations which, as of the date of effectivity of the Act, have subsisting and operatively in force technology transfer and/or brand name licensing agreements with Philippine nationals for the assembly, processing or manufacture of goods for the domestic market: <i>Provided</i>, That, the said licensing agreements are duly registered with the BPTTT and/or the CB as of the date of effectivity of the Act.</p> <p>The types of agreements covered by the Act are the following:</p> <p>(i) Licensing agreements involving the right to use industrial property rights, such as patents or trademarks/ service marks;</p> <p>(ii) Know-how agreements for the grant of a license to use know-how; and</p> <p>(iii) Franchise agreements involving the use of the franchisor's system.</p> <p>Expired license agreements with notification or application for renewal with BPTTT as of the date of effectivity of the Act are deemed operatively in force.</p>	
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	<p>If the licensing agreement expires and/or is rendered inoperative during the transitory period, the foreign licensor and/or its affiliates may invest in the same line of business covered by the agreement.</p> <p>SECTION 2. FORMULATION OF THE TRANSITORY FOREIGN INVESTMENT NEGATIVE LIST.</p> <p>a. NEDA, in consultation with relevant agencies, shall enumerate, as appropriate, the areas of investment covered in this Transitory FINL.</p> <p>b. The Transitory FINL shall be published in full at the same time as, or prior to, the publication of these Implementing Rules and Regulations to implement the Act.</p> <p>c. The areas of investment contained in List C above shall be reserved to Philippine nationals only during the transitory period. Their inclusion in the regular Negative List will require determination by the NEDA following the procedures and criteria for formulating List C.</p>	
<p>SECTION 16. Review of Strategic Industries. - Upon the order of the President, the IIPCC, in coordination with the National Security Council (NSC), and the NEDA, shall review foreign investments involving military-related industries, cyber infrastructure, pipeline transportation, or such other activities which may threaten territorial integrity and the safety, security and well-being of Filipino citizens, when:</p>		

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<p>(a) Made by a foreign government-controlled entity or state-owned enterprises except independent pension funds, sovereign wealth funds and multinational banks; or</p> <p>(b) Located in geographical areas critical to national security.</p> <p>Any recommendation to suspend, prohibit, or otherwise limit a reviewed foreign investment under this section shall be transmitted to the Office of the President for appropriate action.</p>		
<p>SECTION 17. <i>Anti-Graft Practices in Foreign Investment Promotions.</i> — Public officials and employees involved in foreign investment promotions shall uphold the highest standards of public service, accountability, and integrity. Accordingly, any public official or employee involved in foreign investment promotions who shall commit any of the acts under Section 3 of Republic Act No. 3019, as amended, otherwise known as the Anti-Graft and Corrupt Practices Act, shall, in addition to the penalties provided under Section 9(a) of the said Act, be punished by a fine of not less than Two million pesos (P2,000,000.00) but not more than Five million pesos (P5,000,000.00).</p>		
<p>SECTION 18. <i>Non-Applicability.</i> — This Act shall not apply to banking and other financial institutions which are governed and regulated by Republic Act No. 8791, otherwise known as "The General Banking Law of 2000" and other laws under the supervision of the Bangko Sentral ng Pilipinas. Moreover, this Act shall</p>	<p style="text-align: center;">RULE II. SCOPE</p> <p>SECTION 1. COVERAGE. The Act covers all investment areas or areas of economic activity except banking and other financial institutions which are governed and regulated by the General Banking Act and other laws under the supervision of</p>	

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effect.		
SECTION 18. <i>Effectivity.</i> — This Act shall take effect fifteen (15) days following its publication in the Official Gazette or in a newspapers of general circulation in the Philippines.		
	<p><i>Notes:</i></p> <p>1. R. A. 7042 was assigned into law 13 June 1991 and became effective on 30 June 1991. Its IRR took effect on November 1991.</p> <p>2. R. A. 8179 was signed into law on 28 March 1996 and became effective on 15 April 1996. Its IRR took effect on 30 July 1996.</p> <p><i>Footnote:</i> Text in bold and Italic reflect change under R.A. 8179.</p> <p><i>References:</i> ANNEXES I, A, and II</p> <p><i>Source:</i> NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY</p> <p><i>Source:</i> https://www.officialgazette.gov.ph/1991/11/12/implementing-rules-and-regulations-of-republic-act-no-7042/</p>	