Philippines Makes Doing Business Easier
Starting a business simplified to 6 steps and 8 days; payroll-related payments reduced from 36 to 13

14 April 2015 Manila, Philippines—The Philippines today unveiled reforms simplifying the process of starting a business to 6 steps and 8 days, down from the existing set-up requiring 16 steps and 34 days. The government also announced e-government initiatives for accessible and convenient online transactions for payroll-related payments to Philhealth and Pag-IBIG, reducing the number of payments from 36 to 13 per year.

In a press conference today, the Department of Finance, Department of Trade and Industry, the National Competitiveness Council (NCC), the Department of the Interior and Local Government, and 9 other institutions announced the launch of the reforms—a product of continuing work under the NCC’s Gameplan 3.0 synergizing government processes related to easing the conduct of business in the Philippines. Gameplan 3.0 streamlines and simplifies government processes across 10 transactions related to the “Ease of Doing Business” as measured annually by the World Bank and International Finance Corporation (IFC).

Finance Secretary Cesar V. Purisima welcomed the reforms saying, “We are proud to show how it’s clearly more fun, and way easier, to do business in the Philippines. This is a whole-of-government approach with
11 other partners—I thank all of them for their hard work in this continuous process of making the country a better place to do business in. Together, we are making the business of realizing dreams in the Philippines ever easier.”

The package of reforms involving starting a business included merging several steps together to create single-window applications powered by more interconnectivity across IT systems of different agencies, the removal of several outdated procedures, and the introduction of enhanced one-stop-shop procedures in local government units. These changes involved coordination and partnership across numerous government agencies such as the Securities and Exchange Commission (SEC), BIR, SSS, Pag-IBIG, PhilHealth, and local government unit Quezon City.

The net effect is that the time it will take to incorporate new corporations, partnerships, and non-stock corporations at the Securities and Exchange Commission will be reduced from 16 steps and 34 days to 6 steps and 8 days. Initial roll-out of the reforms will begin at the SEC’s Manila office starting this month, where most companies are incorporated. Roll-outs will continue in succeeding months across all SEC offices and a full on-line system will be made available next year.

Meanwhile, payroll-related payments to Pag-IBIG and PhilHealth are being moved online for companies employing more than 10 employees.
Payments to SSS have already been moved online for companies with more than 10 employees since last year. Online banking facilities at Land Bank of the Philippines and the Development Bank of the Philippines which require no minimum average daily balance for these transactions are being made available for enterprises. This will reduce the number of payments from 36 to 13 per year, representing major time and cost savings for businesses and entrepreneurs.

Trade and Industry Secretary and NCC Co-Chair Gregory L. Domingo said, “We continue to be encouraged by reforms that will make our business registration faster, simpler, more efficient, and more transparent. DTI is committed to sustaining the momentum to achieve improved competitiveness and encourage inclusive growth. This ties in nicely as well with our role to boost the development of micro, small and medium enterprises (MSMEs). These reforms will motivate SMEs to incorporate when they see the need to do so, as they start or run their businesses.”

In discussing the simplified processes, NCC Co-Chairman Guillermo M. Luz said, “These game changers are effective beginning this month in the head offices of the partner agencies and Quezon City and will soon spread across the country. These two sets of reforms are part of a broader game plan that the Philippines, already recognized as the most improved economy in major competitiveness reports over the last four years, will be implementing as we continue to introduce changes and
improvements."

The reforms were formalized in a series of memoranda of agreements and understanding involving the Department of Finance, Department of Trade and Industry, Department of the Interior and Local Government, Securities and Exchange Commission, Bureau of Internal Revenue, Social Security System, Philippine Health Insurance Corporation (PhilHealth), Home Development Mutual Fund (Pag-IBIG), Land Bank of the Philippines, Development Bank of the Philippines, National Competitiveness Council, and the Quezon City government. Secretary to the Cabinet Rene Almendras served as official witness to the signing.

A full brief of the reforms, as well as the corresponding legal documents supporting the new policies, can be found on the websites of all partner agencies in the Ease of Doing Business initiative in the country.