

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 5383



Introduced by Rep. Winston "Winnie" Castelo

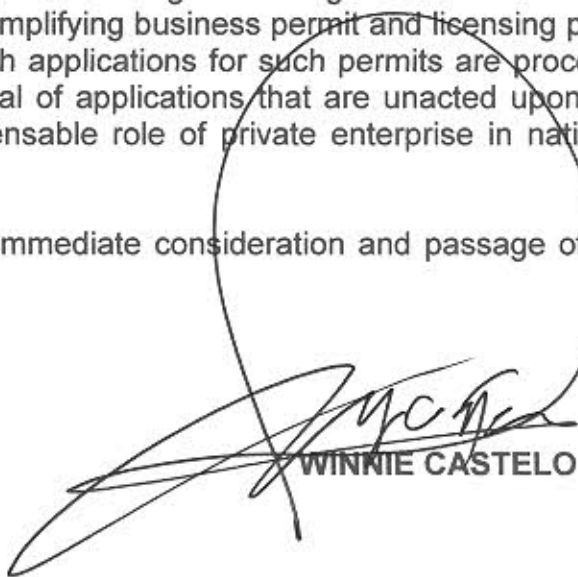
EXPLANATORY NOTE

Based on the World Bank Group's "Doing Business 2017: Equal Opportunity for All" report, the Philippines ranked 99th out of 190 economies, four steps higher from the 2016 report.¹ While this is encouraging, much still has to be done to reach our goal of placing in the top third of the rankings.

It is undeniable that there is a high correlation between the rankings and the attractiveness of our country to foreign direct investments. We have existing policies meant to entice foreign investors by giving incentives both fiscal and non-fiscal. But when the foreign investors do come in and make their respective investments, our bureaucracy sets in. The strict and tedious business regulations not only discourage foreign investors but also make it hard for small and medium enterprises to flourish.

Thus, it is important to push for reforms to continue improving the ease of doing business in the country in order to contribute in attracting local and foreign investments, creating more jobs, and ensuring inclusive growth. Such is the objective of this proposed legislation. By simplifying business permit and licensing procedures, establishing a period within which applications for such permits are processed, and mandating the automatic approval of applications that are unacted upon, the State policy of recognizing the indispensable role of private enterprise in nation-building will be truly upheld.²

In view of the foregoing, immediate consideration and passage of this bill is earnestly sought.



WINNIE CASTELO

¹ PH up four places in ease of doing business survey, <http://www.manilatimes.net/ph-four-places-ease-business-survey/293387/>

² 1987 Constitution, Article II, Section 20. "The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments."

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**AN ACT PROMOTING THE EASE OF DOING BUSINESS BY PRESCRIBING THE
PROCESSING TIME FOR BUSINESS PERMIT APPLICATIONS AND EXTENDING
THE VALIDITY PERIOD THEREOF**

Be it enacted in the Senate and the House of Representatives of the Republic of the Philippines in Congress assembled:

SECTION 1. *Short Title.* – This Act shall be known as the "Ease of Doing Business Act."

SEC. 2. *Declaration of Policy.* – The State recognizes the indispensable role of the private sector in nation-building and development of the economy. Towards this end, the State shall provide a business environment that is conducive to the establishment and operation of businesses in the country by promoting transparency in government with regard to business registration and simplifying business permit and licencing procedures at the national and local levels.

SEC. 3. *Requirements for Business Permit Application.* – A single or unified business application form shall be used in processing new applications for business permits, consolidating all the information of the applicant by various local government departments, such as but not limited to the local taxes and clearances, building clearance, sanitary permit, zoning clearance, and other specific local government unit requirements as the case may be, including the fire clearance from the Bureau of Fire Protection.

The following information shall be conspicuously posted in the premises of national and local government licensing and permitting agencies:

- (a) The checklist of requirements;
- (b) The step-by-step procedure;
- (c) The person/s responsible for each step;
- (d) The maximum time to conclude the process; and
- (e) The amount of fees necessary.

The same information shall likewise be posted online in the official website or social media accounts of the concerned national government agencies and local government units.

SEC. 4. *Prescribed Processing Time for License, Clearance, or Permit Applications.* – National government agencies and local government units involved in the processing and issuance of licenses, clearances, or permits to business entities shall process the application and communicate the decision regarding approval or if the application has been disapproved, along with comments or reasons for such disapproval, within the prescribed processing time, as follows:

- (a) *Micro, Small and Medium Enterprises (MSMEs)* – For business entities classified as MSMEs as defined in Section of Republic Act (RA) No. 9501, otherwise known as the "Magna Carta for Micro, Small and Medium Enterprises (MSMEs), the prescribed processing time shall in no case be longer than five (5) working days from the time the application is submitted.
- (b) *Special Type of Businesses* – For special type of businesses that require clearances, accreditation or licenses issued by government agencies including regulatory agencies as provided for by law where technical evaluation is required in the processing of licenses, clearances or permits, the prescribed processing time shall in no case be longer than fifteen (15) working days, or as determined by the government agency or instrumentality concerned, whichever is shorter.

For purposes of this Act, the application is deemed submitted when it is accompanied by complete documentary requirements and payment of fees.

SEC. 5. *Automatic Approval.* – An application for a license, clearance, or permit shall be deemed approved upon failure of the concerned national government agency or local government unit to process and issue the license, clearance, or permit after the prescribed processing time has lapsed without informing the applicant of the error, omission, or additional documents required for submission: *Provided*, That all required documents have been submitted and all required fees and charges have been paid.

In cases where the cause of delay is due to force majeure which may result to damage or destruction of documents, the prescribed processing time in the preceding Section shall be suspended and appropriate adjustments shall be made.

If the application for license, clearance, or permit shall require the approval of the Sangguniang Bayan in the case of a municipality, Sangguniang Panlungsod in the case of a city, or Sangguniang Panlalawigan in the case of a province, and the respective Sanggunian has denied the application, such case shall be exempt from the operation of this Section.

SEC. 6. *Period of Validity.* – Business permits shall be valid for a period of five (5) years from the date of issuance thereof.

SEC. 7. *Retroactive Effect.* – This Act shall be given retroactive effect for all pending applications in so far as it does not impair or prejudice vested or acquired rights.

SEC. 8. *Implementing Rules and Regulations.* – Within ninety (90) days from the promulgation of this Act, the Department of Trade and Industry (DTI) and the Department of the Interior and Local Government (DILG), in coordination with the Department of Finance (DOF), Bureau of Internal Revenue (BIR), and the Securities and Exchange Commission (SEC) shall formulate rules and regulations as may be necessary for the proper implementation of this Act.

SEC. 9. *Separability Clause.* – If any provision or part hereof is held invalid or unconstitutional, the remainder of the provision not otherwise affected shall remain valid and subsisting.

SEC. 10. *Repealing Clause.* – Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to, or inconsistent with, the provisions of this Act is hereby repealed, modified or amended accordingly.

SEC. 11. *Effectivity.* – This Act shall take effect after fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,