

<p>Sec. 52 & 55, Public Act No. 4003</p> <p>Sec. 63, Public Act No. 4003, as amended by C.A. 471.</p> <p>9. Sec. 67, Public Act No. 4003, as amended by C.A. 471.</p> <p>10. Sec. 74, Public Act No. 4003</p> <p>GEOTHERMAL ENERGY Rep. Act No. 5092</p> <p>GOVERNMENT CONTRACTS 1. Public Act 4239</p> <p>2. Rep. Act No. 5283, Sec. 4</p> <p>3. Com. Act No. 138 (Flag Law)</p> <p>4. Com. Act No. 541</p> <p>GOVERNMENT OBLIGATIONS Rep. Act No. 504 (Back Pay Law) as amended by RA No. 897</p> <p>INVESTMENT COMPANIES Rep. Act No. 2629 Sec. 15</p> <p>INVESTMENT HOUSES P.D. 123 (The Investment Houses Law)</p> <p>MARKET STALLS Rep. Act No. 37</p> <p>MINERALS AND MINERAL LANDS/ NATURAL RESOURCES</p> <p>1. Sec. 9, Art. XIV, Const. of the Phil.</p> <p>2. Public Act No. 2719 (Coal Land Act), as amended by RA No. 740</p> <p>3. Com. Act No. 137 (Mining Act), as amended by CA No. 399, and RA Nos. 225 & 348</p> <p>4. Rep. Act No. 367 (Petroleum Act of 1968)</p> <p>OTHER PUBLIC SERVICE</p> <p>1. Sec. 5, Art. XIV, Const. of the Phil.</p> <p>2. Sec. 7(1), Art. XV, Const. of the Phil.</p> <p>3. Sec. 8(7), Article XV, Const. of the Phil.</p> <p>4. Com. Act No. 148 (Public Service Act) as amended by CA No. 454 and RA Nos. 179, 272 and 370.</p>	<p>Issuance of license to take hawkbill turtle, transfer or assignment of right; issuance of special permit.</p> <p>Issuance of fishpond and fishery permit or lease agreement within forest lands.</p> <p>Granting of exclusive privilege by municipal councils to erect fish corals, or operate fishponds, or lake or catch "baboy", fry, or fry or other species for propagation; transfer or assignment of right.</p> <p>Authorizing the sale of any land or portion thereof, owned by reserved for or occupied by any fishery farm, experimental station or fishery project for exchange thereof with any site of private ownership.</p> <p>Granting of permits and/or lease for exploration, tapping and utilization of geothermal energy, natural gas and methane gas.</p> <p>Awarding of contracts for the construction of public works.</p> <p>Awarding of contracts for the supply of, or procurement by, any government-owned or controlled corporation of material, equipment, goods and commodities.</p> <p>Regulating the purchase of equipment and supplies for government offices and entities; giving preference to articles produced in the Philippines or in the U.S.</p> <p>Preference in awarding of contracts for the construction or repairs of public works, and building and structure for national defense.</p> <p>Application of backpay certificates to payment of obligations.</p> <p>Regulation of investment companies.</p> <p>Regulation of Investment houses</p> <p>Preference in the lease of market stalls.</p> <p>Disposition, exploitation, development, exploration, or utilization of any of the natural resources of the Phil.</p> <p>Lease of unreserved and unappropriated coal-bearing lands.</p> <p>Disposition, exploitation, development or utilization of minerals and mineral lands of the public domain.</p> <p>Exploration, development, exploitation, or utilization of petroleum resources; assignment or transfer right thereto; preference in employment concessions.</p> <p><i>supra.</i></p> <p>Ownership and operation of water media.</p> <p>Operation of educational institutions other than those established by religious orders, mission boards and charitable organizations</p> <p>Issuance of certificates of public convenience and necessity.</p>	<p><i>ibid.</i></p> <p>Same as provided for in Sec. 1, Public Act No. 3674, <i>supra.</i></p> <p>Grantee must be Filipino citizen.</p> <p>Sale or exchange limited to Filipino and American citizens.</p> <p>Lessee or permittee must be citizen of the Phil.</p> <p>Awardee must be citizen of the Phil. or the U.S. or of any other country granting similar rights to Filipino or American citizens.</p> <p>Limited to Filipino citizens.</p> <p>Preference in award of bids given to Filipino or American citizens.</p> <p>Preference given to Filipino or American citizens. In award of bids for construction or repair of public works if lowest domestic bid is not in excess of 15 per cent of lowest foreign bid; no foreign bid allowed for construction or repair of building or structures for national defense.</p> <p>Certificates can be applied in payment to Filipino citizens only.</p> <p>All directors must be citizens of the Philippines.</p> <p>Majority of voting stock must be owned by Filipinos.</p> <p>Majority of members of the Board must be Filipino citizen</p> <p>Philippine citizens given preference.</p> <p>Filipino citizens</p> <p>Leasee must be Filipino citizen.</p> <p>Limited to Filipino citizens.</p> <p>Concessionaire or transferee must be Filipino citizen.</p> <p>Limited to Filipino citizens.</p> <p>Concessionaire or transferee must be Filipino citizen.</p> <p>Limited to Filipino citizens.</p> <p>Must be wholly-owned and managed by Filipino citizens. Governing body of any entry engaged in commercial telecommunications shall be controlled by citizens of the Phil.</p> <p>Limited to Filipino citizens</p> <p>Limited to Filipino citizens</p> <p>Grantee must be Filipino or American citizen.</p>	<p><i>ibid.</i></p> <p>Same as provided for in Sec. 1, Public Act No. 3674, <i>supra.</i></p> <p>Grantee must have at least 61 per cent Filipino capital.</p> <p>Sale or exchange limited to corporations or associations with at least 61 per cent Filipino or American capital.</p> <p>Lessee or permittee must have at least 60 per cent Filipino capital.</p> <p>Awardee must have at least 70 per cent Filipino or American capital.</p> <p>Sixty per cent of the capital stock must be owned by Filipino citizens.</p> <p>Preference in awards of bids given to corps. or commercial companies with at least 75 per cent Filipino or American capital.</p> <p>Preference given to corps. or commercial cos. with at least 75 per cent Filipino or American capital in award of bids for construction or repair of public works if lowest domestic bid is not in excess of 15 per cent of lowest foreign bid; no foreign bid allowed for construction or repair of bldgs. or structure for national defense.</p> <p>Certificates can be applied in payment only to corps. or associations with at least 60 per cent Filipino capital.</p> <p>All directors must be citizens of the Philippines.</p> <p>Majority of members of the Board must be Filipino citizen</p> <p>No Provision.</p> <p>At least 60% of the capital stock must be owned by Filipino citizens.</p> <p>Leasee must have at least 60% Filipino capital.</p> <p>Limited to corporations or associations with at least 60% Filipino capital.</p> <p>Concessionaire or transferee must have at least 60% Filipino capital.</p> <p>Must be wholly-owned and managed by Filipino citizens. Governing body of any entry engaged in commercial telecommunications shall be controlled by citizens of the Phil.</p> <p>60% of its capital must be owned by such citizens. Control and administration must be limited to citizens of the Philippines.</p> <p>Grantee must have at least 50 per cent Filipino or American capital.</p>
---	---	---	---

BOI defines rules on ownership ratio

The accompanying table of nationalization laws has been prepared by the Board of Investments as a basic guideline for foreign investors who are not aware of the existing regulations concerning ownership of Philippine companies and industrial properties.

Recent foreign investment liberalization measures are intended to support the intentions of the Investment Incentives Act and the Export Incentives Act. Both Acts provide for special treatment of foreign capital in prescribed areas of investment for a specified period of time.

New rules

Some of these new regulations are as follows:

- (1) Pioneer areas
 - a. One of the conditions in allowing foreign-owned or controlled firms in pioneer areas of investment is that the foreign enterprise obligates itself to accept Filipino investments subsequently and that within 20 years (extendable for another 20 years only in certain areas), it shall be 60 per cent controlled by Filipinos. The recent amendment requires attainment of Filipino control within 30 years or within 40 years, if the enterprise is engaged primarily (at least 70 per cent) in the exportation of registered products, which period is extendible for another 10 years by BOI.
 - (2) Complementation arrangements
 - In addition to the Constitutional provision limiting to 60 per cent Filipino-owned firms, the exploitation of natural resources and engaging in public utilities, there are other statutes requiring ownership by Filipino stockholders of all or the major portion of the equity in certain trades, etc. The BOI, subject to the approval of the National Economic Development Authority, is now empowered to suspend such requirement (except in areas covered by the Constitutional prohibition) in big multinational projects pursuant to international complementation arrangements for the manufacture of a particular product on a regional basis.

Under this amendment, foreign investors may consider the Philippines as the base for serving the Southeast Asian market in cases of complementation schemes without being subjected to the various statutes limiting ownership of the majority of the stockholdings to Filipinos in case the particular activity is subject to such limitation.

Export firms

(3) Foreign export firms.

Foreign-owned or controlled firm engaged or proposing to engage in the production of "export products" intended primarily for foreign markets are now qualified to apply for registration with BOI and avail of incentives, the principal ones being:

- a. Tax credit on imported materials and supplies equivalent to the amount of duties and compensating taxes paid;
- b. Tax exemption on imported capital equipment or tax credit on taxes that would otherwise be paid if the domestic capital equipment was imported, for new capacity designated as intrinsically export-oriented or for additional capacity deemed necessary to meet export orders;
- c. Deduction for taxable income of undistributed profits used for expansion reinvestment;
- d. Carry-over of net operating loss as a deduction from taxable income;
- e. Accelerated depreciation;
- f. Additional deduction from taxable income;
- g. Exemption from all internal revenue taxes except income taxes if the project is a pioneer undertaking;
- h. Exemption from export tax, import or fee.

(4) Tourism incentives

A new addition to the Export Incentives Act is the grant of incentives to tourism ventures. Among beneficiaries of such incentives would be foreign-owned or controlled service exporters engaged in the business of primarily catering to foreign tourists and travelers. Incentives available to such service exporters for the first 5 years from registration are:

- a. Reduced income tax, i.e., the enterprise may deduct from its taxable income an amount equivalent to 50 per cent of its total export fees during the year in which the incentive is claimed; and
- b. Tax and duty-free importation of capital equipment directly and actually needed by such service exporter.

(Continued on page 20)