

CONGRESS OF THE PHILIPPINES
EIGHTEENTH CONGRESS
Second Regular Session

CERTIFIED BY THE
PRESIDENT FOR
IMMEDIATE ENACTMENT
ON APRIL 12, 2021

SENATE

S. No. 1840

(In Substitution of SB Nos. 14, 921, 1113 and 1349, taking
into consideration HB No. 59)

PREPARED BY THE COMMITTEE ON TRADE, COMMERCE AND
ENTREPRENEURSHIP WITH SENATORS DRILON,
GATCHALIAN, MARCOS, ZUBIRI, PIMENTEL III, RECTO,
GORDON, CAYETANO, VILLANUEVA AND PAQUIAO AS
AUTHORS THEREOF.

AN ACT AMENDING REPUBLIC ACT NO. 8762,
OTHERWISE KNOWN AS THE "RETAIL TRADE
LIBERALIZATION ACT OF 2000", BY LOWERING
THE REQUIRED PAID-UP CAPITAL FOR
FOREIGN RETAIL ENTERPRISES, AND FOR
OTHER PURPOSES

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

- 1 SECTION 1. Section 3, paragraph (2), of Republic Act
2 No. 8762 is hereby deleted.
- 3 SEC. 2. Section 5 of Republic Act No. 8762 is hereby
4 amended to read as follows:

1 “SEC. 5. *Foreign Equity Participation.* –
2 Foreign-owned partnerships, associations and
3 corporations formed and organized under the
4 laws of the Philippines may, upon registration
5 with the Securities and Exchange Commission
6 (SEC) [~~and the Department of Trade and~~
7 ~~Industry (DTI)~~], or in case of foreign-owned
8 single proprietorships, UPON
9 REGISTRATION with the [~~DTI~~]
10 DEPARTMENT OF TRADE AND INDUSTRY
11 (DTI), engage or invest in the retail trade
12 business: [~~subject to the following categories:~~]
13 PROVIDED, THAT SUCH FOREIGN-OWNED
14 PARTNERSHIPS, CORPORATIONS, OR
15 SINGLE PROPRIETORSHIPS COMPLY
16 WITH THE FOLLOWING CONDITIONS:
17 “(A) A FOREIGN RETAILER SHALL
18 HAVE A MINIMUM PAID-UP CAPITAL OF
19 FIFTY MILLION PESOS (P50,000,000.00);

1 “(B) THE FOREIGN RETAILER'S
2 COUNTRY OF ORIGIN DOES NOT
3 PROHIBIT THE ENTRY OF FILIPINO
4 RETAILERS;

5 “(C) IN THE CASE OF FOREIGN
6 RETAILERS ENGAGED IN RETAIL TRADE
7 THROUGH MORE THAN ONE PHYSICAL
8 STORE, THE INVESTMENT FOR EACH
9 STORE MUST BE AT LEAST TWENTY FIVE
10 MILLION PESOS (P25,000,000.00):
11 *PROVIDED*, THAT THIS REQUIREMENT
12 SHALL NOT APPLY TO A DOMESTIC
13 CORPORATION AT LEAST SIXTY PERCENT
14 (60%) FILIPINO-OWNED AND
15 CONTROLLED.

16 ~~[Category A — Enterprises with paid-up~~
17 ~~capital of the equivalent in Philippine Pesos of~~
18 ~~less than Two million five hundred thousand~~
19 ~~US dollars (US\$2,500,000) shall be reserved~~

1 ~~exclusively for Filipino citizens and~~
2 ~~corporations wholly owned by Filipino citizens.]~~

3 ~~[Category B — Enterprises with a~~
4 ~~minimum paid-up capital of the equivalent in~~
5 ~~Philippine Pesos of Two million five hundred~~
6 ~~thousand US dollars (US\$2,500,000) but less~~
7 ~~than Seven million five hundred thousand US~~
8 ~~dollars (US\$7,500,000) may be wholly owned~~
9 ~~by foreigners except for the first two (2) years~~
10 ~~after the effectivity of this Act wherein foreign~~
11 ~~participation shall be limited to not more than~~
12 ~~sixty percent (60%) of total equity.]~~

13 ~~[Category C — Enterprises paid-up capital~~
14 ~~of the equivalent in Philippine Pesos of Seven~~
15 ~~million five hundred thousand US dollars~~
16 ~~(US\$7,500,000) or more may be wholly owned~~
17 ~~by foreigners: *Provided, however,* that in no~~
18 ~~case shall the investments for establishing a~~
19 ~~store in Categories B and C be less than the~~
20 ~~equivalent in Philippine Pesos of Eight~~

1 ~~hundred thirty thousand US dollars~~
2 ~~(US\$830,000)}~~

3 ~~[Category D Enterprises specializing in~~
4 ~~high end or luxury products with a paid up~~
5 ~~capital of the equivalent in Philippine Pesos of~~
6 ~~Two hundred fifty thousand US dollars~~
7 ~~(US\$250,000) per store may be wholly owned~~
8 ~~by foreigners.]~~

9 "The foreign [investor] RETAILER shall
10 be required to maintain in the Philippines AT
11 ALL TIMES the [full amount of the prescribed
12 ~~minimum] PAID-UP capital OF FIFTY~~
13 MILLION PESOS (P50,000,000.00), unless the
14 foreign [investor] RETAILER has notified the
15 SEC [and] OR the DTI IN THE CASE OF
16 FOREIGN-OWNED SINGLE PROPRIETORSHIPS
17 of its intention to repatriate its capital and cease
18 operations in the Philippines. The actual use in
19 Philippine operations of the [inwardly
20 remitted] minimum PAID-UP capital

1 ~~[requirement]~~ shall be monitored by the SEC
2 IN THE CASE OF FOREIGN-OWNED
3 CORPORATIONS OR PARTNERSHIPS OR
4 BY THE DTI IN THE CASE OF FOREIGN-
5 OWNED SINGLE PROPRIETORSHIPS.

6 “Failure to maintain IN THE
7 PHILIPPINES ~~[the full amount of the~~
8 ~~prescribed minimum capital]~~ THE PAID-UP
9 CAPITAL REQUIRED IN THE PRECEDING
10 PARAGRAPH, prior to notification of the SEC
11 ~~[and]~~ OR the DTI, WHICHEVER IS
12 APPROPRIATE, shall subject the foreign
13 ~~[investor]~~ RETAILER to penalties or
14 restrictions on any future trading
15 activities/business in the Philippines.

16 “FOR PURPOSES OF REGISTRATION
17 WITH THE SEC OR THE DTI, THE foreign
18 ~~[retail stores]~~ RETAILER shall ~~[secure a~~
19 ~~certification from the *Bangko Sentral ng*~~
20 ~~*Pilipinas* (BSP) and the DTI which will verify~~

1 ~~or confirm~~ SUBMIT PROOF OF ~~[inward~~
2 ~~remittance of]~~ ITS ~~[the minimum required]~~
3 ~~[capital investment]~~ PAID-UP CAPITAL:
4 *PROVIDED*, THAT FOR DOMESTIC
5 CORPORATIONS THAT ARE AT LEAST
6 SIXTY PERCENT (60%) FILIPINO-OWNED
7 OR CONTROLLED, THE SUBMISSION OF
8 ARTICLES OF INCORPORATION, GENERAL
9 INFORMATION SHEET, AND/OR AUDITED
10 FINANCIAL STATEMENT SHALL BE
11 CONSIDERED AS FULL COMPLIANCE
12 WITH THE REQUIREMENT OF THIS
13 SECTION.

14 SEC. 3. Section 6 of Republic Act No. 8762 is hereby
15 amended to read as follows:

16 "SEC. 6. ~~[Foreign Investors Acquiring~~
17 ~~Shares of Stock of Local Retailers. Foreign~~
18 ~~investors acquiring shares from existing retail~~
19 ~~stores whether or not publicly listed whose net~~
20 ~~worth is in the excess of the peso equivalent of~~

1 ~~Two million five hundred thousand US dollars~~
2 ~~(US\$2,500,000.00) may purchase only up to a~~
3 ~~maximum of sixty percent (60%) of the equity~~
4 ~~thereof within the first two (2) years from the~~
5 ~~effectivity of this Act and thereafter, they may~~
6 ~~acquire the remaining percentage consistent~~
7 ~~with the allowable foreign participation as~~
8 ~~herein—provided.]~~ *REVIEW OF THE*
9 *MINIMUM PAID-UP CAPITAL*
10 *REQUIREMENT. – THE DTI, SEC, BSP AND*
11 *THE NATIONAL ECONOMIC AND*
12 *DEVELOPMENT AUTHORITY (NEDA)*
13 *SHALL REVIEW THE REQUIRED*
14 *MINIMUM PAID-UP CAPITAL EVERY*
15 *THREE (3) YEARS FROM THE*
16 *EFFECTIVITY OF THIS ACT. THE*
17 *RECOMMENDATION OF THE DTI, SEC,*
18 *BSP AND NEDA SHALL BE SUBMITTED TO*
19 *CONGRESS.”*

1 SEC. 4. Section 7 of Republic Act No. 8762 is hereby
2 amended to read as follows:

3 "SEC. 7. [~~Public Offering of Shares of~~
4 ~~Stock. All retail trade enterprises under~~
5 ~~Categories B and C in which foreign ownership~~
6 ~~exceeds eighty percent (80%) of equity shall~~
7 ~~offer a minimum of thirty percent (30%) of~~
8 ~~their equity to the public through any stock~~
9 ~~exchange in the Philippine within eight (8)~~
10 ~~years from their start of operations.] LABOR~~
11 ~~POLICY. - IN ALL CASES, THE~~
12 ~~EMPLOYMENT OF FOREIGN NATIONALS~~
13 ~~BY FOREIGN RETAILERS SHALL COMPLY~~
14 ~~WITH THE APPLICABLE PROVISIONS OF~~
15 ~~THE LABOR CODE ON THE~~
16 ~~DETERMINATION OF NON-AVAILABILITY~~
17 ~~OF COMPETENT, ABLE AND WILLING~~
18 ~~FILIPINO BEFORE ENGAGING THE~~
19 ~~SERVICES OF A FOREIGN NATIONAL,~~
20 ~~WITH DUE REGARD TO THE STATE~~

1 POLICY UNDER THE CONSTITUTION TO
2 PROMOTE THE PREFERENTIAL USE OF
3 FILIPINO LABOR.”

4 SEC. 5. Section 8 of Republic Act No. 8762 is hereby
5 amended to read as follows:

6 “SEC. 8. ~~Qualification of Foreign~~
7 ~~Retailers.~~ No foreign retailer shall be allowed
8 to engage in retail trade in the Philippine
9 unless all the following qualifications are met:

10 (a) ~~A minimum of Two hundred million~~
11 ~~US dollar (US\$200,000,000.00) net worth in its~~
12 ~~parent corporation for Categories B and C, and~~
13 ~~Fifty million US dollar (US\$50,000,000.00) net~~
14 ~~worth in its parent corporation for category D;~~

15 (b) ~~(5) retailing branches or franchises in~~
16 ~~operation anywhere around the world unless~~
17 ~~such retailer has at least one (1) store~~
18 ~~capitalized at a minimum of Twenty five~~
19 ~~million US dollars (US\$25,000,000.00);~~

1 ~~(c) Five (5) year track record in retailing;~~
2 and

3 ~~(d) Only nationals from, or juridical~~
4 ~~entities formed or incorporated in Countries~~
5 ~~which allow the entry of Filipino retailers shall~~
6 ~~be allowed to engage in retail trade in the~~
7 ~~Philippines.~~

8 ~~The DTI is hereby authorized to pre-~~
9 ~~qualify all foreign retailers, subject to the~~
10 ~~provisions of this Act, before they are allowed~~
11 ~~to conduct business in the Philippine.~~

12 ~~The DTI shall keep a record of Qualified~~
13 ~~foreign retailers who may, upon compliance~~
14 ~~with law, establish retail stores in the~~
15 ~~Philippine. It shall ensure that parent retail~~
16 ~~trading company of the foreign investor~~
17 ~~complies with the qualifications on~~
18 ~~capitalization and track record prescribed in~~
19 ~~this section.]~~

1 ~~[The Inter-Agency Committee on Tariff~~
2 ~~and Related Matters of the National Economic~~
3 ~~Development Authority (NEDA) Board shall~~
4 ~~formulate and regularly update a list of foreign~~
5 ~~retailers of high-end or luxury goods and~~
6 ~~render annual report on the same to Congress.]~~

7 *PROMOTION OF LOCALLY*
8 *MANUFACTURED PRODUCTS.* - FOREIGN
9 RETAILERS ARE ENCOURAGED TO HAVE
10 A STOCK INVENTORY OF PRODUCTS
11 WHICH ARE MADE IN THE PHILIPPINES.

12 SEC. 6. Section 9 of Republic Act No. 8762 is hereby
13 amended as follows:

14 "SEC. 9. *PENALTIES.* - VIOLATION OF
15 ANY OTHER PROVISION OF THIS ACT
16 SHALL BE PUNISHABLE BY
17 IMPRISONMENT OF SIX (6) YEARS AND
18 ONE (1) DAY AND A FINE OF NOT LESS
19 THAN ONE MILLION PESOS (P1,000,000.00)

1 BUT NOT MORE THAN FIVE MILLION
2 PESOS (P5,000,000.00).

3 IN THE CASE OF ASSOCIATIONS,
4 PARTNERSHIPS OR CORPORATIONS, THE
5 PENALTY SHALL BE IMPOSED UPON ITS
6 PARTNERS, PRESIDENT, GENERAL
7 MANAGER AND OTHER OFFICERS
8 RESPONSIBLE FOR THE VIOLATION.

9 IF THE OFFENDER IS NOT A CITIZEN
10 OF THE PHILIPPINES HE SHALL BE
11 DEPORTED IMMEDIATELY AFTER
12 SERVICE OF SENTENCE. IF THE FILIPINO
13 OFFENDER IS A PUBLIC OFFICER OR
14 EMPLOYEE, HE SHALL, IN ADDITION TO
15 THE PENALTY PRESCRIBED HEREIN,
16 SUFFER DISMISSAL AND PERMANENT
17 DISQUALIFICATION FROM PUBLIC
18 OFFICE.”

19 SEC. 7. Sections 11 and 12 of Republic Act No. 8762
20 are hereby deleted.

1 SEC. 8. *Repealing Clause.* – All laws, decrees,
2 executive orders, proclamations, rules and regulations, and
3 issuances or parts thereof which are inconsistent with the
4 provisions of this Act, are hereby repealed, amended or
5 modified accordingly.

6 SEC. 9. *Separability Clause.* – If any provision of this
7 Act is held invalid or unconstitutional, the other provisions
8 not affected thereby shall remain in full force and effect.

9 SEC. 10. *Effectivity.* – This Act shall take effect fifteen
10 (15) days after its publication in the *Official Gazette* or in
11 at least two (2) newspapers of general circulation in the
12 Philippines.

Approved,