

HOUSE OF REPRESENTATIVES

H. No. 7808

BY REPRESENTATIVES GONZALES (A.), COLLANTES, SAGARBARRIA, PIMENTEL, SAVELLANO, GATCHALIAN, VILLAR, VERGARA, ZUBIRI, SINGSON-MEEHAN, REYES, TIANGCO, GARCIA (J.E.), MATUGAS, BABASA, GO (M.), BAÑAS-NOGRALES, GARIN (S.), BORDADO, QUIMBO, BOLILIA, HARESCO, ALVAREZ (F.), BIRON, OUANO-DIZON, SUNTAY, TY (A.), DUAVIT, AUMENTADO, CAMPOS, LOPEZ, BARONDA, CUEVA, REVILLA, CUA, KHO (E.), OLIVAREZ, MARTINEZ, PACQUIAO (R.), PANOTES, CALIXTO, ESPINO, GARBIN, UNABIA, VILLA, CANAMA, MERCADO, TAN (S.), CO (E.) AND ROMUALDO, PER COMMITTEE REPORT NO. 548

AN ACT
AMENDING SECTIONS 35, 37, 38, 39 AND 40 OF REPUBLIC ACT NO. 4566,
OTHERWISE KNOWN AS THE CONTRACTORS' LICENSE LAW, MODIFYING THE
CONTRACTORS' LICENSE RENEWAL PROCESS, INCREASING FEES, AND
IMPOSING PENALTIES FOR VIOLATIONS THEREOF

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

1 **SECTION 1.** Section 35 of Republic Act No. 4566, as amended, otherwise known as the
2 "Contractors' License Law" is hereby further amended to read as follows:

3
4 **"Section 35. Penalties.** Any contractor who, for a price, commission, fee or wage,
5 submits or attempts to submit a bid to construct, or contracts to or undertakes to construct, or
6 assumes charge in a supervisory capacity of a construction work within the purview of this Act,
7 without first securing a license to engage in the business of contracting in this country; or who
8 shall present or file the license certificate of another, give false evidence of any kind to the
9 Board, or any member thereof in obtaining a certificate or license, impersonate another, or use an
10 expired or revoked certificate, or license, shall be deemed guilty of misdemeanor, and shall, upon
11 conviction, be [sentenced to pay a fine of not less than five hundred pesos but not more than five
12 thousand pesos] **PENALIZED WITH A FINE OF NOT LESS THAN ONE HUNDRED**
13 **THOUSAND PESOS (₱ 100,000.00) OR THE EQUIVALENT OF POINT ONE PERCENT**
14 **(0.1%) OF THE PROJECT COST, WHICHEVER IS HIGHER. IN ADDITION, THE**
15 **OFFENDING CONTRACTOR SHALL BE PROHIBITED FROM GAINING A**
16 **CONTRACTING LICENSE FOR A PERIOD OF NOT LESS THAN ONE (1) YEAR.**

1 THE BOARD, IN CONSULTATION WITH ITS STAKEHOLDERS, IS
2 AUTHORIZED TO ADJUST THE PENALTY NOT MORE THAN ONCE EVERY
3 THREE (3) YEARS, BUT IN NO CASE SHALL THE PENALTY BE ADJUSTED OR
4 INCREASED BY MORE THAN FIFTEEN PERCENT (15%) OF THE FINE.”
5

6 SEC. 2. Section 37 of Republic Act No. 4566, as amended, is hereby further amended to
7 read as follows:
8

9 “Section 37. *Individual License.* It is unlawful for any person who is a responsible
10 managing partner, officer or employee of a licensed partnership, corporation, firm, association or
11 other organization to individually engage in the constructing business [of] OR individually act in
12 the capacity of a contractor within this jurisdiction without having a license in good standing to
13 so engage or act. ANY PERSON FOUND IN VIOLATION OF THIS PROVISION SHALL
14 BE PENALIZED WITH A FINE OF NOT LESS THAN FIFTY THOUSAND PESOS
15 (₱ 50,000.00) OR THE EQUIVALENT OF POINT ONE PERCENT (0.1%) OF THE
16 PROJECT COST, WHICHEVER IS HIGHER. IN ADDITION, THE OFFENDING
17 PARTY SHALL BE PROHIBITED FROM GAINING A CONTRACTING LICENSE
18 FOR A PERIOD OF NOT LESS ONE (1) YEAR.
19

20 THE BOARD, IN CONSULTATION WITH ITS STAKEHOLDERS, IS
21 AUTHORIZED TO ADJUST THE PENALTY NOT MORE THAN ONCE EVERY
22 THREE (3) YEARS, BUT IN NO CASE SHALL THE PENALTY BE ADJUSTED OR
23 INCREASED BY MORE THAN FIFTEEN PERCENT (15%) OF THE FINE.”
24

25 SEC. 3. Section 38 of Republic Act No. 4566, as amended, is hereby further amended to
26 read as follows:
27

28 “Section 38. *Joint licenses.* It is unlawful for any two or more licensees, each of whom
29 has been issued a license to engage separately in the capacity of a contractor, to jointly submit a
30 bid or otherwise act in the capacity of a contractor without first having secured an additional
31 license for acting in the capacity of such a joint venture or combination in accordance with the
32 provisions of this Act as provided for an individual, partnership or corporation. LICENSEES
33 FOUND IN VIOLATION OF THIS PROVISION SHALL EACH BE PENALIZED WITH
34 A FINE EQUIVALENT TO POINT ONE PERCENT (0.1%) OF THE PROJECT COST.
35 IN ADDITION, THE OFFENDING LICENSEES SHALL BE AUTOMATICALLY
36 DISQUALIFIED FOR AWARD OF CONTRACT.
37

38 THE BOARD, IN CONSULTATION WITH ITS STAKEHOLDERS, IS
39 AUTHORIZED TO ADJUST THE PENALTY NOT MORE THAN ONCE EVERY
40 THREE (3) YEARS, BUT IN NO CASE SHALL THE PENALTY BE ADJUSTED OR
41 INCREASED BY MORE THAN FIFTEEN PERCENT (15%) OF THE FINE.

1 **SEC. 4.** Section 39 of Republic Act No. 4566, as amended, is hereby further amended to
2 read as follows

3
4 **“Section 39. Fee.** The amount of fees prescribed by this Act shall be as follows:

- 5
6 (a) [Fifty] **FIVE THOUSAND pesos (₱ 5,000.00)** for an original license;
7 (b) [Sixty] **SIX THOUSAND pesos (₱ 6,000.00)** for examination of an applicant;
8 (c) [Fifty] **FIVE THOUSAND pesos (₱ 5,000.00)** for an annual renewal
9

10 **THE BOARD IS AUTHORIZED TO COLLECT, RETAIN AND UTILIZE OR**
11 **APPLY ALL FEES, FINES, AND OTHER CHARGES COLLECTED BY IT UNDER**
12 **THIS ACT TO AUGMENT ITS OPERATIONS, THE PROVISIONS OF LAW TO THE**
13 **CONTRARY NOTWITHSTANDING.**

14
15 **THE BOARD, IN CONSULTATION WITH ITS STAKEHOLDERS, IS**
16 **AUTHORIZED TO ADJUST THE FEES NOT MORE THAN ONCE EVERY THREE (3)**
17 **YEARS, BUT IN NO CASE SHALL THE FEES BE ADJUSTED OR INCREASED BY**
18 **MORE THAN FIFTEEN PERCENT (15%).”**

19
20 **SEC. 5.** Section 40 of Republic Act No. 4566, as amended, is hereby further amended to
21 read as follows:

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23 **“Section 40. Renewal.** A license [may be renewed by the filing of a renewal application
24 with the registrar not later than June thirtieth of each fiscal year, accompanied by the annual
25 renewal fee.] **ISSUED PURSUANT TO THE PROVISIONS OF THIS ACT SHALL BE**
26 **VALID FOR ONE (1) YEAR FROM THE DATE OF ITS APPROVAL.** A license renewed
27 thereafter shall be subject to [an additional] **A RENEWAL fee of [Twenty] FIVE THOUSAND**
28 **Pesos (₱ 5,000.00) PURSUANT TO SECTION 39 OF THIS ACT.”**

29
30 **“IN CASE THE CONTRACTOR HAS BEEN IN OPERATION IN GOOD**
31 **STANDING FOR TWENTY FIVE (25) YEARS OR MORE, IT MAY RENEW ITS**
32 **LICENSE EVERY THREE (3) YEARS. IF IT HAS BEEN IN OPERATION IN GOOD**
33 **STANDING FOR TEN (10) YEARS BUT NOT MORE THAN TWENTY (25) YEARS, IT**
34 **MAY RENEW ITS LICENSE EVERY TWO (2) YEARS. IF IT HAS BEEN IN**
35 **OPERATION IN GOOD STANDING FOR LESS THAN TEN (10) YEARS, IT SHALL**
36 **RENEW ITS LICENSE EVERY YEAR.”**

37
38 **“APPLICATIONS AND ALL OTHER REQUIREMENTS FOR LICENSE**
39 **RENEWAL MAY BE FILED WITH THE BOARD OR ITS DESIGNATED AGENCIES**
40 **EITHER IN PERSON OR THROUGH ONLINE NOT EARLIER THAN NINETY (90)**
41 **DAYS AND NOT LATER THAN THIRTY (30) DAYS BEFORE THE EXPIRATION OF**
42 **THE LICENSE.”**

43
44 **“THE BOARD, IN CONSULTATION WITH ITS STAKEHOLDERS, IS**
45 **AUTHORIZED TO ADJUST THE FREQUENCY OF RENEWAL OF LICENSES NOT**
46 **MORE THAN ONCE EVERY THREE (3) YEARS.”**

1 **SEC. 6. *Separability Clause.*** - If any portion of this Act is declared unconstitutional or
2 invalid, the other portions which are not affected thereby shall continue in full force and effect.

3
4 **SEC. 7. *Repealing Clause.*** - Any law, presidential decree or issuance, executive order,
5 letter of instruction, administrative order, rule or regulation contrary to or is inconsistent with the
6 provisions of this Act is hereby repealed, modified, or amended accordingly.

7
8 **SEC. 8. *Effectivity.*** - This Act shall take effect fifteen (15) days after its publication in
9 the *Official Gazette* or in a newspaper of general circulation. It shall also be published online,
10 through the *Official Gazette* Online (www.officialgazette.gov.ph), and through the website of the
11 Department of Trade and Industry (www.dti.gov.ph).

Approved,