

# FOREIGN INVESTMENTS WATCH PHILIPPINES

**BDB Law**  
DU-BALADAD AND ASSOCIATES

MEMBER FIRM OF

**wts global**

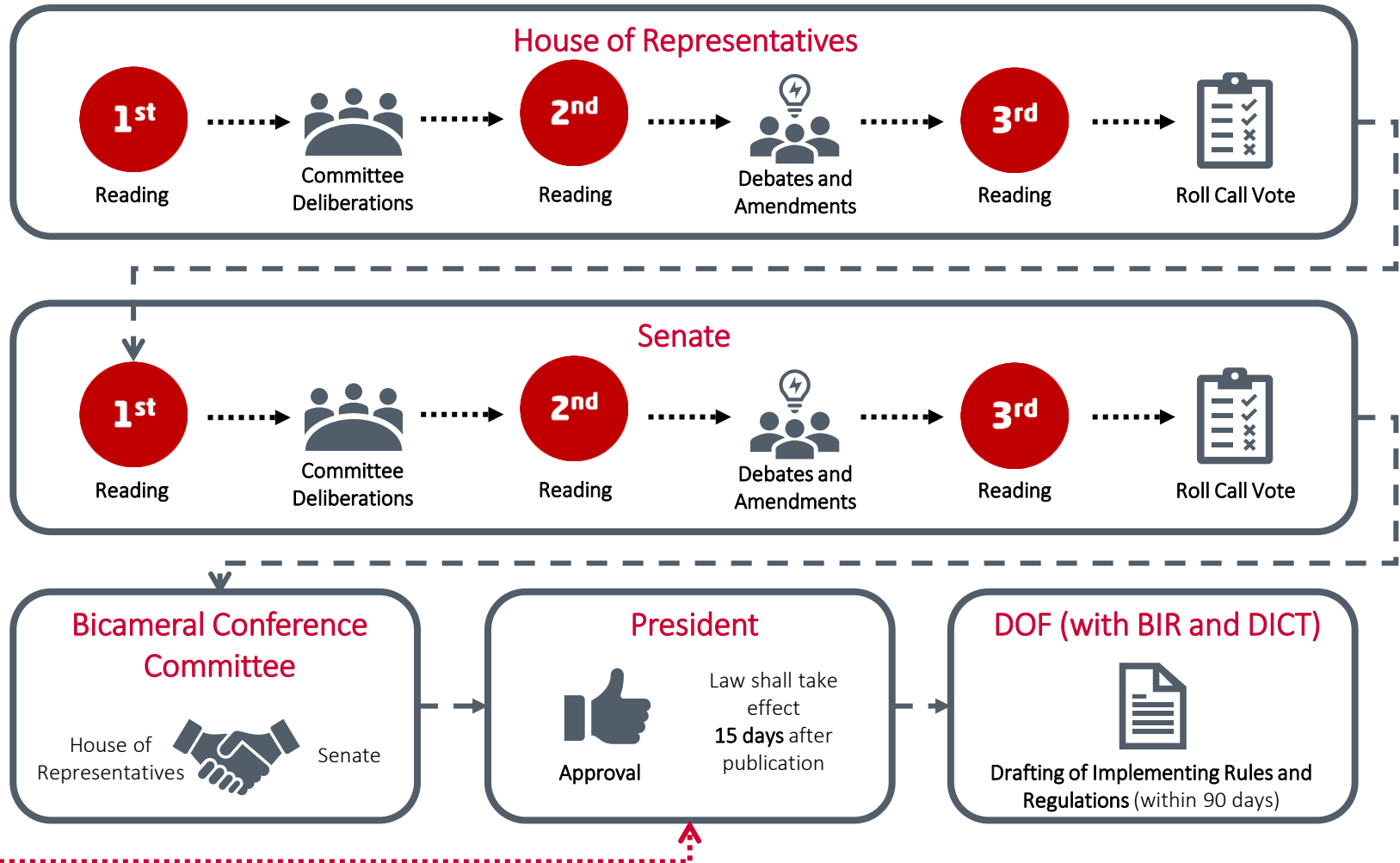
Locally rooted- Globally connected

**VOL.3 REPUBLIC ACT NO. 11647  
Amendments to the Foreign Investments Act**

## Legislative Process: Where are we and what is next?

**WE**  
**ARE**  
**HERE!**

The President has signed into law Republic Act No. 11647 on March 2, 2022



## SALIENT AMENDMENTS

### *I. Definition of Terms*



- **Investment** shall mean equity participation in any enterprise organized or existing under Philippine laws and duly recorded in the stock and transfer book or any equivalent registry of ownership



- **Practice of Profession** shall mean an activity or undertaking rendered and performed by a registered and duly licensed professional or holder of a special temporary permit as defined in the scope of practice of a professional regulatory law (*new provision*)



- **Pipeline Transportation** shall mean the sector which includes transport of goods or materials through a pipeline such as crude, refined petroleum, natural gas, bio-fuels, and other chemically stable substance (*new provision*)

## SALIENT AMENDMENTS

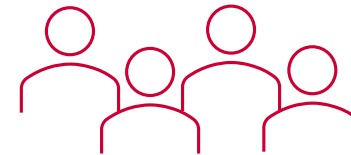
### *II. Inter-Agency Investment Promotion Coordination Committee (“IIPCC”)*

It will be the body that will integrate all promotion and facilitation efforts to encourage foreign investments and shall be composed of:



4 representatives from:

- NCR
- Luzon
- Visayas
- Mindanao



The DTI Secretary, as the Chairperson, may request the participation of other government departments, agencies, and instrumentalities, LGUs, NGOs, and local business chambers and enterprises.

## SALIENT AMENDMENTS

### *III. Powers and Functions of the IIPCC*

- To establish both a medium-and-long-term Foreign Investment Promotion and Marketing Plan (“FIPMP”);
- To design a comprehensive marketing strategy and campaign;
- To support inbound and outbound foreign direct and trade missions for new international markets and trade missions for new international markets;
- To encourage and support research and development in priority areas indicated by the FIPMP;
- To monitor actual performance against measurable and timebound targets in the FIPMP;
- To submit annual evaluation and reports to the President and Congress;
- To establish and regularly update an online database including a directory of ready local partners from priority sectors under the FIPMP; and
- To support local government efforts to promote foreign direct investments, expedite compliance with national requirements and address other safeguards and services requested by foreign investors.

## SALIENT AMENDMENTS

### *IV. Development of the FIPMP*

- The FIPMP shall be developed for the
  - Medium-term plan – 5 years
  - Long-term plan – 10 years
  
- It must be based on competitive advantages, natural resources, skill and educational development, traditional linkages, and international market potential.
  
- It must likewise be **fully consistent** with the Strategic Investment Priorities Plan under Title XIII of the 1997 NIRC, as amended.
  
- An online portal shall be made containing:
  - The FIPMP
  - Other details such as the IIPCC's procedures, contacts, schedules, directory of local enterprises capable and willing to partner with potential foreign investors, among others.
  
- The DepEd, CHED, TESDA, DOLE, PRC, and other training agencies shall direct curriculum and training efforts toward manpower requirements of the FIPMP

## SALIENT AMENDMENTS

### *V. Registration of Export Enterprises*

- In addition to the already established requirements, export enterprises shall register and comply with the export requirements under the 1997 NIRC, as amended, to avail of any tax incentive or benefit.

### *VI. Foreign Investment Negative List*

**General Rule:** Micro and Small domestic market enterprises with paid-in capital of less than USD200,000 are reserved to Philippine nationals

**Exceptions:**

- If otherwise provided under the Retail Trade Liberalization Act and other relevant laws
- Minimum paid-in capital of USD100,000 are allowed to non-Philippine nationals, provided:
  - That they involve advanced technology, as determined by the DOST; or
  - That they are endorsed as startup or startup enablers; or
  - That majority of direct employees are Filipinos, but in no case less than 15;
  - Provided further, that registered foreign enterprises involving foreign nationals and enjoying fiscal incentives shall implement an understudy or skills development program

## SALIENT AMENDMENTS

### *VII. Review of Strategic Industries*

Upon order of the President, a review of foreign investments involving military-related industries, cyber infrastructure, pipeline transportation, and other activities shall be made when:

- Made by foreign government-controlled or state-owned enterprises EXCEPT independent pension funds, sovereign wealth funds, and multi-national banks; or
- Located in geographical areas critical to national security

### *VIII. Anti-Graft Practices in Foreign Investment Promotions*

Any public official/employee involved in foreign investment promotions who shall commit any of the acts under the Anti-Graft and Corrupt Practices Act, shall, be subject to:

- The penalties in Section 9(a) of the said Act; and
- In addition, a fine of not less than PHP2,000,000.00 but not more than PHP5,000,000.00

### *IX. Inapplicability of the Foreign Investments Act*

The FIA shall not be applicable to:

- Banking and other financial institutions governed by the General Banking Law of 2000 and other laws under the supervision of the BSP;
- Practice of profession within the jurisdiction of various Professional Regulatory Boards; or
- Those subject of reciprocity agreements with other countries.



# FOREIGN INVESTMENTS TAX WATCH PHILIPPINES

**BDB**Law  
DU-BALADAD AND ASSOCIATES

**BDB**Law  
DU-BALADAD AND ASSOCIATES

MEMBER FIRM OF

**wts** global

TAX • LEGAL • CONSULTING

Holistic. Professional. Personal.



20th Floor, Chatham House  
Rufino corner Valero Street  
Makati City 1227, Philippines



+63 2 403 2001 ext. 300



[info@bdblaw.com.ph](mailto:info@bdblaw.com.ph)



[www.bdblaw.com.ph](http://www.bdblaw.com.ph)