

**IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC
ACT NO. 8762 ENTITLED THE RETAIL TRADE
LIBERALIZATION ACT OF 2000, AS AMENDED BY
REPUBLIC ACT NO. 11595**

RULE I. DEFINITION OF TERMS

Section 1. *Definition of Terms.* – For the purposes of these Rules, the following are defined as follows:

- a) ***“Act”*** shall mean Republic Act No. 8762 or the Retail Trade Liberalization Act of 2000, as amended by Republic Act No. 11595.
- b) ***“Consumption”*** shall mean the utilization of the merchandise, commodities, or goods in the satisfaction of want resulting in immediate destruction, gradual decay or deterioration, or transformation into other goods.
- c) ***“Farmer or Agriculturist”*** shall mean an individual who is personally engaged in the production of primary products such as agricultural crops, poultry, livestock, and dairy products, by using inputs of land and natural resources, labor and capital.
- d) ***“Foreign Retailer”*** shall mean a foreign national, partnership, association, or corporation of which more than forty percent (40%) of the capital stock outstanding and entitled to vote is owned and held by such foreign national, engaged in retail trade.
- e) ***“Locally Manufactured Products”*** shall mean products or goods manufactured, assembled or processed in the Philippines, regardless of the source of the raw materials and components used in the manufacture of such products or goods.

- f) ***“Manufacturer”*** shall mean any person or any entity that alters raw material or manufactured or partially manufactured products, or combines the same in order to produce finished products for the purpose of being sold or distributed.
- g) ***“Minimum Investment Per Store”*** shall include the value of the gross assets, tangible or intangible, including, but not limited to, buildings, leaseholds, furniture, equipment, inventory, and common use investments and facilities such as administrative offices, warehouses, preparation or storage facilities.
- h) ***“Minimum Paid-up Capital”*** shall mean the paid-up capital referred to in Section 1(a), Rule III of these Rules, which should be in cash.
- i) ***“Natural-born Filipino Citizen”*** shall mean any natural person who is a citizen of the Philippines from birth without having to perform any act to acquire or perfect their citizenship. Those who elect Philippine citizenship in accordance with Article IV, Section 1, Paragraph 3 of the 1987 Constitution shall be deemed natural-born citizens.
- j) ***“Paid-Up Capital”*** shall mean the total investment in a business that has been paid-in in a corporation; or working capital for partnerships and single proprietorships; or assigned capital in the case of foreign corporations or its branch offices.
- k) ***“Processor”*** shall mean any person who converts raw materials into marketable form by special treatment or a series of action that changes the nature or state of the product, including slaughtering, milling, pasteurization, drying, or desiccating, quick freezing and the like. Mere packing, packaging, sorting or classifying does not make a person a processor.

- l) **“Reciprocity”** shall denote the relation between two States when each of them, by their respective laws or by treaty, allows the citizens or nationals of the other to undertake retail trade in their own territories.
- m) **“Retail Trade”** shall mean any act, occupation, or calling of habitually selling direct to the general public merchandise, commodities or goods for consumption.
- n) **“Store”** shall mean a physical outlet established in the country where goods are sold on a retail basis. For purposes of online retailing, the warehouse where goods are stored shall be deemed as store.

RULE II. RIGHTS OF FORMER NATURAL-BORN FILIPINOS TO ENGAGE IN RETAIL TRADE

Section 1. *Rights of Former Natural-born Filipinos.* – Any natural-born Filipino citizen who has lost his/her Philippine citizenship and who has legal capacity to enter into a contract under Philippine laws may be allowed to engage in retail trade, provided that he/she resides in the Philippines.

A former natural-born Filipino citizen is deemed “residing in the Philippines” if he/she physically stays in the country for an aggregate period of at least one hundred eighty (180) days within a given year.

Section. 2. *Documentary Evidence.* – Any person who meets the requirements provided for under the preceding Section shall be considered as a Filipino citizen for purposes of the Act, upon submission of any of the following documents:

- a) Copy of birth certificate (i) certified by the local civil registrar or the Philippine Statistics Authority (PSA); or (ii) for those born

abroad, certificate of birth from the appropriate government agency of the country where the birth is recorded showing the father or mother to be a Filipino at the time of birth or if the citizenship of the parents is not indicated, additional proof that the parent/s is a Filipino citizen or has not lost his/her Filipino citizenship at the time of the applicant's birth; or (iii) those born before 17 January 1973 of Filipino mothers must additionally submit all of the following: certified true copies of his/her sworn statement of election of Filipino citizenship, oath of allegiance from the civil registrar where the documents were filed and/or forwarded, and identification certificate issued by the Bureau of Immigration;

- b) In case of loss and/or destruction of the record of birth or non-registration of birth, a (i) Certificate of non-availability of birth certificate on account of loss and/or destruction of birth record from the local civil registrar and/or appropriate government agency if birth was registered abroad; or (ii) copy of birth certificate of mother or father certified by the local civil registrar or the PSA; and (iii) affidavit of two (2) disinterested persons attesting to their personal knowledge that at the time of the applicant's birth, the child was born of a Filipino mother or father.

Any document executed or issued abroad must be authenticated through apostille or by the Philippine Embassy/Consulate having jurisdiction over the place of execution or issuance of the document.

RULE III. REGISTRATION

Section 1. *Registration of Foreign Retailers.* – Foreign-owned partnerships, associations and corporations, upon registration with the Securities and Exchange Commission (SEC); or in case of foreign-owned single proprietorships, upon registration with the Department of Trade

and Industry (DTI), may engage or invest in retail trade, under the following conditions:

- a) A foreign retailer shall have a minimum paid-up capital of Twenty-five million pesos (P25,000,000.00); and
- b) The foreign retailer's country of origin provides for reciprocity to Filipinos.

Section 2. *Registration Requirements.* – The following are the documentary requirements for registration that shall be submitted with the SEC Company Registration and Monitoring Department or the DTI National Capital Region Office, or Regional/Provincial Offices, as the case may be:

- a) Certificate of Inward Remittance of Foreign Exchange issued by an authorized agent bank in the format prescribed by the Bangko Sentral ng Pilipinas showing compliance with the minimum paid-up capital requirement herein. In lieu thereof, other proof such as bank certification certifying that such capital investment is deposited and maintained in a bank in the Philippines; and
- b) Certificate from the proper official of the home State of the foreign retailer or the local embassy/consulate of the home State of the said foreign retailer to the effect that such State provides reciprocity to Filipinos.

Section 3. *Online Retailing.* – The registration requirements under Sections 1 and 2, Rule III of these Rules shall apply to foreign retailers that will engage in retail trade as defined herein, through purely online channels.

Section 4. *Philippine Nationals.* – The minimum paid-up capital requirement under Section 1 hereof as well as the minimum investment per store requirement under Section 2, Rule V of these Rules shall not

apply to corporations engaged in retail trade of which at least sixty percent (60%) of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines.

RULE IV. EXEMPT TRANSACTIONS

Section 1. *Sales Not Considered as Retail.* – The following sales are not considered as retail:

- a) Sales of a manufacturer, processor, laborer, or worker of products manufactured, processed or produced by him to the general public whose capital does not exceed One hundred thousand pesos (₱100,000.00);
- b) Sales by a farmer or agriculturist selling the products of his farm, regardless of capital;
- c) Sales arising from restaurant operations by a hotel owner or inn-keeper irrespective of the amount of capital, provided, that the restaurant is incidental to the hotel business;
- d) Sales through a single outlet owned by a manufacturer of products manufactured, processed or assembled in the Philippines, irrespective of capitalization;
- e) Sales to industrial and commercial users or consumers who use the products bought by them to render service to the general public and/or produce or manufacture of goods which are in turn sold by them; or
- f) Sales exclusively to the government and/or its agencies and government- owned and controlled corporations.

RULE V. COMPLIANCE REQUIREMENTS

Section 1. *Maintenance of the Required Paid-up Capital.* – Registered foreign retailers shall maintain in the Philippines, at all times, a paid-up capital of Twenty-five million pesos (₱25,000,000.00), which may be in cash or in property, unless the said foreign retailer has notified the SEC or the DTI, as appropriate, of its intention to repatriate its capital and cease operations in the Philippines.

The paid-up capital may be used to purchase assets for purposes of complying with the investment requirement per store. The actual use of the minimum paid-up capital for its retail trade operations in the Philippines shall be monitored by the SEC or DTI, as appropriate.

Section 2. *Minimum Investment Requirement Per Store.* – Registered foreign retailers that will engage in retail trade through more than one (1) physical store shall comply with the minimum investment per store of at least Ten million pesos (₱10,000,000.00).

The investment for common use and facilities, as reflected in the financial statements following the accounting standards adopted by the SEC or the DTI, whichever is applicable, shall be pro-rated among the number of stores being served.

Section 3. *Reporting Requirements.* – Every registered foreign retail enterprise shall submit annually to the DTI or SEC, as the case may be, on the date for submission of the annual reporting requirements an attachment to the audited financial statements as prescribed, certified by a responsible officer of sufficient authority or rank reflecting, among others, the following:

- a) Maintenance and actual use of the paid-up capital requirement referred to in Rule V, Section 1 of these Rules. The foreign retailer shall notify the SEC and the DTI of its intention to cease operations in the Philippines and repatriate its capital;

- b) Number and location of stores, investment per store, and the status of operation of each store;
- c) Stock inventory of locally manufactured products, if applicable; and
- d) Such other reports as may be prescribed by the SEC or DTI.

Section 4. *Full Disclosure of Books.* – It shall be the duty of the foreign retailer to keep their records, inventory and books of accounts available at all times for inspection by the SEC or DTI, as applicable.

Section 5. *Compliance with Labor Laws.* – The foreign retailer shall, in all cases, comply with the applicable provisions of labor laws, rules and regulations, including the determination of non-availability of a competent, able and willing Filipino citizen before engaging the services of a foreign national.

Section 6. *Promotion of Locally Manufactured Products.* – Foreign retailers are encouraged to have a stock inventory of products which are made in the Philippines through any of the following:

- a) Designation of a store space as Filipino section;
- b) Use of locally made packaging materials such as bags, boxes, or containers;
- c) Utilization of locally sourced raw materials in the production of the goods; or
- d) Any other arrangements that will promote locally manufactured products.

RULE VI. PROHIBITED ACTIVITIES

Section 1. *Prohibited Modes of Retailing.* – Registered foreign retailers shall not be allowed to engage in retailing activities outside their stores through the use of mobile or rolling stores or carts, the use of sales representatives, door-to-door selling, restaurants and sari-sari stores and such other similar retailing activities.

Section 2. *List of Prohibited Activities.* – A detailed list of these prohibited activities may be formulated by the SEC or the DTI.

RULE VII. PENAL PROVISIONS

Section 1. *Penalties.* – Violation of any of the provisions of the Act shall be punishable by imprisonment of not less than four (4) years to six (6) years and a fine of not less than One million pesos (₱1,000,000.00) but not more than Five million pesos (₱5,000,000.00).

In the case of partnerships, associations, or corporations, the penalty shall be imposed upon its partners, president, directors, general manager, and other officers responsible for the violation. If the offender is not a citizen of the Philippines, he/she shall be deported immediately after service of sentence. If the Filipino offender is a public officer or employee, he/she shall, in addition to the penalty prescribed herein, suffer dismissal and permanent disqualification from public office.

Section 2. *Failure to Maintain Qualification Requirements.* – Any foreign retailer that fails to maintain the paid-up capital requirement referred to in Section 1, Rule V of these Rules and notify the SEC and DTI, whichever is appropriate, of its intention to repatriate its capital and cease operations in the Philippines shall be subject to the penalties under these Rules, including restrictions on any future trading activities/business in the Philippines.

RULE VIII. TRANSITORY PROVISIONS

Section 1. *Existing Foreign Retailers.* – The minimum investment per store requirement under Section 2, Rule V of these Rules shall not apply to foreign investors and foreign retailers who are legitimately engaged in retail trade and were not required to comply with this requirement at the time of the effectivity of the Act: *Provided*, That a foreign retailer that has prequalified and/or registered prior to the effectivity of the Act shall maintain the minimum paid-up capital imposed under Republic Act No.8762 or the Retail Trade Liberalization Act of 2000.

Section 2. *Deletion of the Requirement on Public Offering of Shares of Stock.* – The requirement on public offering of shares of stocks imposed upon foreign retailers that prequalified prior to the effectivity of the Act whose foreign ownership exceeds eighty percent (80%) of equity shall no longer apply.

RULE IX. FINAL PROVISIONS

Section 1. *Implementing Agencies.* – The monitoring of registered foreign retailers shall be the responsibility of the SEC or of the DTI, as the case may be. Both agencies shall keep record of the entities engaged in retail trade in the Philippines that are registered with them.

Section 2. *Review of the Minimum Capital Requirement.* – The DTI, SEC, and National Economic and Development Authority (NEDA) shall review the required minimum paid-up capital every three (3) years from the effectivity of the Act. The DTI, SEC, and NEDA shall each report its recommendation to Congress.

Section 3. *Repealing Clause.* – All other rules and regulations or parts thereof, inconsistent with these Rules are repealed, amended or modified accordingly.

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Section 4. Separability Clause. – If any provision of these Rules shall be held invalid or unconstitutional, the other provisions hereof not otherwise affected shall remain in force and effect.

Section 5. Effectivity. – These Rules shall take effect fifteen (15) days upon publication in the Official Gazette or in a newspaper of general circulation. Three (3) copies hereof shall be filed with the Office of the National Administrative Register, University of the Philippines Law Center in Diliman, Quezon City pursuant to Presidential Memorandum Circular No. 11 dated 09 October 1992.

09 March 2022.


RAMON M. LOPEZ

Secretary

Department of Trade and Industry




KARL KENDRICK T. CHUA

Secretary

National Economic and Development Authority




ATTY. EMILIO B. AQUINO

Chairman

Securities and Exchange Commission