

SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



HOUSE OF REPRESENTATIVES
H. No. 2171

Introduced by Representative **VILMA SANTOS-RECTO**
6th District of Batangas

AN ACT
PROMOTING THE EASE OF DOING BUSINESS BY MANDATING THE
AUTOMATIC APPROVAL OF BUSINESS PERMIT APPLICATIONS AFTER THIRTY
DAYS OF INACTION AND EXTENDING THE VALIDITY PERIOD THEREOF

Explanatory Note

The Philippines has the 12th largest population and the 43rd largest economy in the world and coupled with strong GDP growth over the past years, the Philippines is now among the top 15 preferred investment destinations of multinational enterprises.¹ Yet the World Bank in its 2016 Report on Doing Business ranked the Philippines only in 103rd place (out of 185 economies) for Ease of Doing Business. The low ranking not only reflects the possibility of lower direct foreign investments but it is also seen as a barrier to local Micro, Small and Medium Enterprise (MSME) growth and development.

It takes 16 procedures to navigate and an average of 29 days to start a business in the Philippines.² Compared to our other ASEAN neighbors in the "Ease in Starting a Business" rankings, the Philippines has performed poorly. The Philippines placed at 165th in the ranking of 189 economies and lags behind Singapore ranked in 1st place, Malaysia in 14th place, Thailand in 96th place, Vietnam in 119th place and Laos in 153rd place.³

One of the reasons for this is the difficulty in obtaining business permits and licenses to set up businesses as well as the short validity period which becomes burdensome for the business community to be renewing frequently.

The aim of this bill is to increase participation in and promote the growth of business by providing for the automatic approval and release of business permits upon the lapse of thirty days of inaction, provided that all necessary documents have been submitted. The validity period of the said permits should also be valid for a period of one year from the date of issuance instead of the current practice of setting the expiration at the end of the fiscal year when it was filed.

Reducing barriers to business formalization can stimulate enterprise growth and create decent work opportunities.⁴ Obtaining the necessary business permit is an important step towards formalization. A bigger formal economy would mean a higher tax base thereby potentially increasing revenues for the government. Formalization translates to higher quality, better pay and sustainable employment as well as improve access to formal markets and more productive resources such as capital and land.⁵

² ibid.

The measure of a transparent government is the ease by which citizens get services from the government, especially with documents that must be paid for.

In view of the foregoing, approval of this bill is earnestly sought.



VILMA SANTOS-RECTO

³ Doing Business 2016, World Bank Report

⁴ Regulatory Barriers to MSMEs, Center for Civil Society, 2005

⁵ ibid.

⁴Regulatory Barriers to MSMEs, Center for Civil Society,2005

⁵ibid.

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

1 **SECTION 1. Short Title.** This Act shall be known as the “Fast Business Permit Act”.

2 **SECTION 2. Declaration of Policy.** The State shall promote the improvement of quality
3 of life by ensuring efficient delivery of public services and providing for policies that expand
4 productivity and promote a more equitable distribution of opportunities, income and wealth. The
5 State recognizes the role of enterprises and foreign investment in the economy as a major agent
6 of development and as a source of employment and livelihood opportunities.

7 To this end the State shall provide for measures and policies that remove barriers to
8 entrepreneurial opportunity and promote ease of doing business.

9 **SECTION 3. Automatic Approval of Business Permit.** All applications for business
10 permit shall be deemed approved after thirty (30) days of inaction from the receipt of such
11 application by the approving authority: *Provided*, That all the required documents have been
12 submitted and fees and charges have been paid.

13 **SECTION 4. Validity of Business Permit.** The validity of the Business Permit shall be for
14 a period of one (1) year from the date of issuance thereof.

15 **SECTION 5. Retroactive Effect.** This Act shall be given retroactive effect for all pending
16 applications in so far as it does not impair or prejudice vested or acquired rights.

17 **SECTION 6. Implementing Rules and Regulations.** The Department of Trade and
18 Industry (DTI) and the Department of Interior and Local Government (DILG) in consultation
19 with the Union of Local Authorities of the Philippines (ULAP) shall issue the implementing
20 rules and regulations for the proper implementation of this Act.

1 **SECTION 7. *Separability Clause.*** If any provision or part of this Act is held invalid, the
2 other provisions not affected thereby shall continue in operation.

3 **SECTION 8. *Repealing Clause.*** All laws, presidential decrees, executive orders and
4 issuances inconsistent with this Act are hereby amended, modified or repealed accordingly.

5 **SECTION 9. *Effectivity Clause.*** This Act shall take effect fifteen (15) days following its
6 publication in at least two (2) newspapers of general circulation or in the Official Gazette.

Approved,