



**PASUGUAN NG PILIPINAS EMBASSY OF THE PHILIPPINES
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**GAME-CHANGING LEGISLATION: KEY LAWS ENACTED UNDER THE
AQUINO ADMINISTRATION'S REFORM AGENDA**

The Philippines is enhancing its market position and consumer-protection mechanisms with these "game-changing" legislation. Not only do these laws increase the Philippines' attractiveness for investment by prompting a level playing field for domestic and international business, but they also institutionalize the foundations of fair competition and business transparency engendered by the Aquino Administration.

Philippine Competition Act (RA 10667): The Philippine Competition Act establishes a Philippine Competition Commission (PCC), which will be charged with implementing a competition policy that outlaws and penalizes anti-competitive agreements, abuse of dominant position, and anti-competitive mergers and acquisitions, by means of imposing administrative and criminal penalties, while the Department of Justice's Office for Competition will be responsible for prosecution. Businesses engaged in the Philippines will be given a two-year grace period during which no penalties will be meted in order to restructure or reformat their operations to comply with changes resulting from the Competition Act reforms.

Foreign Ships Co-Loading Act or Cabotage Law Amendment (RA 10668): The amendment of the Cabotage Law will allow foreign vessels to make calls at multiple ports—rather than only in Manila—which will, in turn, further open the market to competition and contribute to lower import and export shipping costs. The amendments to the Cabotage Law liberalize coastwise trading with the nation's islands, which opens the market to competition, brings down cost of transportation by sea, and enables the country to fully utilize the supply chains for products.

GOCC Governance Act of 2011 (Republic Act 10149): The Government-Owned and Controlled Corporations (GOCC) Governance Act of 2011 aims to promote financial viability and fiscal discipline in GOCCs and strengthen the role of the State in its governance and management to make them more responsive to the needs of the Filipino people. R. A. 10149 requires all GOCCs to create and maintain their own website that will be open for public viewing containing their financial statements and other pertinent information the GCG would require.

Liberalization of Entry of Foreign Banks in the Philippines (Republic Act 10641): Republic Act (RA) 10641 or "An Act Allowing the Full Entry of Foreign Banks in the Philippines," allows foreigners to own up to 100% of domestic banks and facilitates the entry of established, reputable and financially sound foreign banks in the Philippines. It also granted locally-incorporated subsidiaries of foreign banks the same banking privileges as domestic banks of the same category.

Common Carriers Tax Act (Republic Act No. 10374): Republic Act No. 10374, otherwise known as the Common Carriers Tax Act, rationalizes the taxes paid by international carriers in the country. Under the new legislation, foreign carriers – both air and shipping – are exempted from paying the three percent Common Carriers Tax (CCT) imposed on passenger traffic only. Foreign carriers are also exempted from paying tax on the gross revenue derived from the carriage of passengers, cargo, or mail—provided that the same exemption is granted by the carrier's home country to the Philippines.

Amendments to the Insurance Code (Republic Act No. 10607): RA 10607, "An Act Strengthening the Insurance Industry" contains key amendments to the Insurance Code, which include higher capitalization for insurers and a fixed term of six years for the Insurance Commissioner. The law likewise allows insurance firms to invest in more financial instruments. The law also requires the use of modern, international accounting standards in reporting and auditing financial reports of insurance firms.

The Sin Tax Reform 2012 (Republic Act No. 10351): The enactment of Republic Act 10351 (An Act Restructuring the Excise Tax on Alcohol and Tobacco) otherwise known as the Sin Tax Reform 2012 is considered as a victory in the government's campaign to protect the people, especially the young and the poor, from the ill effects of smoking and excessive drinking. The law aims to generate government revenues to fund Universal Health Care. It also provides additional funding for the tobacco farmers' livelihood program. Under the law, there is a shift to unitary taxation in order to simplify the current multi-tiered structure.

Amendments to the Anti-Money Laundering Law (Republic Act No. 10365): Under Republic Act No. 10365, pre-need companies, money changers, real estate agents, and dealers of precious stones and metal are now required to report financial transactions to the Anti-Money Laundering Council (AMLC). Before, only banks, insurance companies and securities dealers were obliged to submit covered and suspicious transaction reports to AMLC.

Amendments to the Sandiganbayan Act (Republic Act No. 10660): Republic Act 10660 strengthens the functional and structural organization of the Sandiganbayan. It enhances the special appellate court's ability to preside over issues of graft and corruption in public institution and public officials engaged in illegal activities.