

**[ REPUBLIC ACT NO. 8756, November 23, 1999 ]**

**AN ACT PROVIDING FOR THE TERMS, CONDITIONS AND  
LICENSING REQUIREMENTS OF REGIONAL OR AREA  
HEADQUARTERS, REGIONAL OPERATING HEADQUARTERS, AND  
REGIONAL WAREHOUSES OF MULTINATIONAL COMPANIES,  
AMENDING FOR THE PURPOSE CERTAIN PROVISIONS OF  
EXECUTIVE ORDER NO. 226, OTHERWISE KNOWN AS THE  
OMNIBUS INVESTMENTS CODE OF 1987**

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

SECTION 1. The title of Book III of Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987, is hereby amended as follows:

**"BOOK III**

**"INCENTIVES TO MULTINATIONAL COMPANIES ESTABLISHING REGIONAL  
OR AREA HEADQUARTERS AND REGIONAL OPERATING HEADQUARTERS IN  
THE PHILIPPINES"**

SEC. 2. *Definition of Terms.* - For purposes of this Act, the term:

(1) *Multinational Company* shall mean a foreign company or a group of foreign companies with business establishments in two or more countries;

(2) *Regional or Area Headquarters (RHQ)* shall mean an office whose purpose is to act as an administrative branch of a multinational company engaged in international trade which principally serves as a supervision, communications and coordination center for its subsidiaries, branches or affiliates in the Asia-Pacific Region and other foreign markets and which does not earn or derive income in the Philippines; and

(3) *Regional Operating Headquarters (ROHQ)* shall mean a foreign business entity which is allowed to derive income in the Philippines by performing qualifying services to its affiliates, subsidiaries or branches in the Philippines, in the Asia-Pacific Region and in other foreign markets.

SEC. 3. The Title and Article 58 of Chapter I of the same Code are hereby amended as follows:

**"CHAPTER I**

**LICENSING OF REGIONAL OR AREA HEADQUARTERS**

Art. 58. *Qualification of Regional or Area Headquarters.* - Any foreign business entity formed, organized and existing under any laws other than those of the Philippines whose purpose, as expressed in its organizational documents or by resolution of its Board of Directors or its equivalent, is to supervise, superintend, inspect or coordinate its own affiliates, subsidiaries or branches in the Asia-Pacific Region and other foreign markets may establish a regional or area headquarters in the Philippines, by securing a license therefor from the Securities and Exchange Commission, upon the favorable recommendation of the Board of Investments.

The Securities and Exchange Commission shall, within thirty (30) days from the effectivity of this Code, issue the implementing rules and regulations. The following minimum requirements shall, however, be complied with by the said foreign entity:

(a) A certification from the Philippine Consulate/Embassy, or a duly authenticated certification from the Department of Trade and Industry or its equivalent in the foreign firm's home country that said foreign firm is an entity engaged in international trade with affiliates, subsidiaries or branch offices in the Asia-Pacific Region and other foreign markets.

(b) A duly authenticated certification from the principal officer of the foreign entity to the effect that the said foreign entity has been authorized by its Board of Directors or governing body to establish its regional or area headquarters in the Philippines, specifying that:

(1) The activities of the regional or area headquarters shall be limited to acting as a supervisory, communications and coordinating center for its subsidiaries, affiliates and branches in the region;

(2) The regional or area headquarters will not derive any income from sources within the Philippines and will not participate in any manner in the management of any subsidiary or branch office it might have in the Philippines nor shall it solicit or market goods and services whether on behalf of its mother company or its branches, affiliates, subsidiaries or any other company; and

(3) The regional or area headquarters shall notify the Board of Investments and the Securities and Exchange Commission of any decision to close down or suspend operations of its headquarters at least fifteen (15) days before the same is effected.

(c) An undertaking that the multinational company will remit into the country such amount as may be necessary to cover its operations in the Philippines but which amount will not be less than Fifty thousand United States dollars (\$50,000) or its equivalent in other foreign currencies annually. Within thirty(30) days from receipt of certificate of registration from the Securities and Exchange Commission, the multinational company will submit to the Securities and Exchange Commission a certificate of inward remittance from a local bank showing that it has remitted to the Philippines the amount of at least Fifty thousand United States dollars (\$50,000) or its equivalent in other foreign currencies and converted the same to Philippine currency. Annually, within thirty (30) days from the anniversary date of the multinational company's registration as a regional or area headquarters with the Securities and Exchange Commission, it will submit proof to the Securities and Exchange

Commission of inward remittance amounting to at least Fifty thousand United States dollars (\$50,000) or its equivalent in other foreign currencies during the past year.

(d) Any violation by the regional or area headquarters of a multinational company of any of the provisions of this Code, or its implementing rules and regulations, or other terms and conditions of its registration, or any provision of existing laws, shall constitute a sufficient cause for the cancellation of its license or registration.

SEC. 4. Book III of the same Code is hereby further amended by adding a new chapter designated as Chapter II to read as follows:

## **"CHAPTER II**

### **"LICENSING OF REGIONAL OPERATING HEADQUARTERS**

"Art. 59. *Qualification of Regional Operating Headquarters (ROHQs).* - Any foreign business entity formed, organized and existing under any laws other than those of the Philippines may establish a regional operating headquarters in the Philippines to service its own affiliates, subsidiaries or branches in the Philippines, in the Asia-Pacific Region and other foreign markets. ROHQs will be allowed to derive income by performing the qualifying services enumerated under paragraph (b) 1 hereunder. ROHQs of non-banking and non-financial institutions are required to secure a license from the Securities and Exchange Commission, upon the favorable recommendation of the Board of Investments. ROHQs of banking and financial institutions, on the other hand, are required to secure licenses from the Securities and Exchange Commission and the Bangko Sentral ng Pilipinas, upon the favorable recommendation of the Board of Investments.

"The Securities and Exchange Commission and the Bangko Sentral ng Pilipinas shall, within thirty (30) days from the effectivity of this Code, issue the implementing rules and regulations.

"The following minimum requirements shall be complied with by the said foreign entity:

"(a) A certification from the Philippine Consulate/ Embassy, or a duly authenticated certification from the Department of Trade and Industry or its equivalent in the foreign firm's home country that said foreign firm is an entity engaged in international trade with affiliates, subsidiaries or branch offices in the Asia-Pacific Region and other foreign markets.

"(b) A duly authenticated certification from the principal officer of the foreign entity to the effect that the said foreign entity has been authorized by its Board of Directors or governing body to establish its regional operating headquarters in the Philippines, specifying that:

"(1) The regional operating headquarters may engage in any of the following qualifying services:

- General administration and planning;
- Business planning and coordination;
- Sourcing/procurement of raw materials and components;
- Corporate finance advisory services;
- Marketing control and sales promotion;
- Training and personnel management;
- Logistics services;
- Research and development services, and product development;
- Technical support and maintenance;
- Data processing and communication; and
- Business development.

"ROHQs are prohibited from offering qualifying services to entities other than their affiliates, branches or subsidiaries, as declared in their registration with the Securities and Exchange Commission nor shall they be allowed to directly and indirectly solicit or market goods and services whether on behalf of their mother company, branches, affiliates, subsidiaries or any other company.

"(2) The regional operating headquarters shall notify the Board of Investments, the Securities and Exchange Commission and the Bangko Sentral ng Pilipinas, as the case may be, of any decision to close down or suspend operations of its headquarters at least fifteen (15) days before the same is effected.

"(c) An undertaking that the multinational company will initially remit into the country such amount as may be necessary to cover its operations in the Philippines but which amount will not be less than Two hundred thousand United States dollars (\$200,000) or its equivalent in other foreign currencies.

"Within thirty (30) days from receipt of certificate of registration, the multinational company will submit to the Securities and Exchange Commission a certificate of inward remittance from a local bank showing that it has remitted to the Philippines the amount of at least Two hundred thousand United States dollars (\$200,000) or its equivalent in other foreign currencies and converted the same to Philippine currency.

"(d) Any violation by the regional operating headquarters of a multinational company of the provisions of this Code, or its implementing rules and regulations, or other terms and conditions of its registration, or any provision of existing laws, shall constitute a sufficient cause for the cancellation of its license or registration."

Sec. 5. Chapter II of the same Code is hereby amended and designated as Chapter III. Articles 59, 60, 61 and 62 under the same Chapter are hereby amended as follows:

### **"CHAPTER III**

#### **"INCENTIVES TO EXPATRIATES**

"Art. 60. *Multiple Entry Visa.* - Foreign personnel of regional or area headquarters and regional operating headquarters of multinational companies, their respective spouses and unmarried children under twenty-one (21) years of age, if accompanying them or if following to join them after their admission into the Philippines as non-immigrant shall be issued a multiple entry special visa within seventy-two hours upon submission of all required documents, and which shall be valid for a period of three (3) years to enter the Philippines: *Provided,* That a responsible officer of the applicant company submits a duly authenticated certificate to the effect that the person who seeks entry into the Philippines is an executive of the applicant company and will work exclusively for applicant's regional or area headquarters or regional operating headquarters which is duly licensed to operate in the Philippines, and that he will receive a salary and will be paid by the headquarters in the Philippines an amount equivalent to at least Twelve thousand United States dollars (\$12,000), or the equivalent in other foreign currencies *per annum*.

"The admission and stay shall be coterminous with the validity of the multiple entry special visa. The stay, however, is extendible for three years upon submission to the Bureau of Immigration of a sworn certification by a responsible officer of the regional or area headquarters or regional operating headquarters: that its license to operate remains valid and subsisting and that the regional or area headquarters or regional operating headquarters has withheld tax due on compensation and the same has been paid to the Bureau of Internal Revenue.

"Non-immigrants who have been admitted under the multiple entry special visa, as well as their respective spouses and dependents, shall be exempt from: the payment of all fees due under the immigration and alien registration laws; securing alien certificates of registration; and obtaining emigration clearance certificates, and all types of clearances required by any government department or agency, except that upon final departure from the Philippines the employer of the said non-immigrants shall so advise in writing the Bureau of Immigration at least five (5) working days prior to the non-immigrant's departure, and the finally departing non-immigrant employee shall be required to submit to the said office a tax clearance from the Bureau of Internal Revenue.

"Art. 61. *Withholding Tax of 15% on Compensation Income.* - Aliens employed by the regional or area headquarters and regional operating headquarters of multinational companies shall be subject for each taxable year upon their gross income received as salaries, wages, annuities, compensations, remuneration and emoluments to a tax equal to fifteen *per centum* (15%) of such gross income. The same tax treatment is applicable to Filipinos employed