

**[ BI MEMORANDUM ORDER NO. ADD-03-005,  
March 30, 2003 ]**

**VIOLATION OF PHILIPPINE RETAIL TRADE LAW**

It has been observed that a swift increase on the number of cases involving holders of permanent residents visa either under the Philippine Immigration Act of 1940 or under Republic Act 7919 (otherwise known as The Alien Social Integration Act of 1995), as well as holders of Temporary Residents Visa (TRV) under Letter of Instructions No. 33 are now engaged in retail trade business.

Foreign nationals regardless of their immigration status are prohibited to engage in retail trade as provided in Republic Act No. 8762 (otherwise known as Retail Trade Liberalization Act of 2000):

**"Section 5. Foreign Equity Participation** — *Foreign-owned partnerships, associations and corporations formed and organized under the law of the Philippines may, upon registration with the Securities and Exchange Commission (SEC) and the Department of Trade and Industry (DTI) or in case of foreign-owned single proprietorship, with the DTI, engaged or invest in the retail trade business, subject to the following categories:*

**Category A** — *Enterprises with paid-up capital of the equivalent in Philippine Pesos of **less than Two Million Five Hundred Thousand US Dollars (\$2,500,000.00)** shall be reserved exclusively for Filipino citizens and corporations wholly-owned by Filipino citizens.*

**Category B** — *Enterprises with a **minimum paid-up capital of the equivalent in Philippine Pesos of Two Million Five Hundred Thousand US Dollars (\$2,500,000.00)** may be wholly owned by foreigners* except for the first two (2) years after the effectivity of this Act wherein foreign participation shall be limited to not more than (60%) of total equity.

**Category C** — *Enterprises with a **minimum paid-up capital of the equivalent in Philippine Pesos of Seven Million Five Hundred Thousand US Dollars (\$7,500,000.00) or more maybe wholly owned by foreigners: Provided,** however, that in no case shall the investments for establishing a store in categories B and C be less than the equivalent in Philippine Pesos of Eight Hundred Thirty Thousand US Dollars (US\$830,000.00).*

**Category D** — *Enterprises specializing in high-end or luxury products with a paid-up capital of equivalent in Philippine Pesos of Two Hundred Fifty Thousand US Dollars (\$250,000.00) per store may be wholly owned by foreigners.*