

[REPUBLIC ACT NO. 8762, March 07, 2000]

**AN ACT LIBERALIZING THE RETAIL TRADE BUSINESS,
REPEALING FOR THE PURPOSE REPUBLIC ACT NO. 1180, AS
AMENDED, AND FOR OTHER PURPOSES**

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

SECTION 1. *Title.* - This Act shall be known as the "Retail Trade Liberalization Act of 2000."

SEC. 2. *Declaration of Policy.* - It is the policy of the State to promote consumer welfare in attracting, promoting and welcoming productive investments that will bring down prices for the Filipino consumer, create more jobs, promote tourism, assist small manufacturers, stimulate economic growth and enable Philippine goods and services to become globally competitive through the liberalization of the retail trade sector.

Pursuant to this policy, the Philippine retail industry is hereby liberalized to encourage Filipino and foreign investors to forge an efficient and competitive retail trade sector in the interest of empowering the Filipino consumer through lower prices, higher quality goods, better services and wider choices.

SEC. 3. *Definition.* - As used in this Act:

(1) "Retail Trade" shall mean any act, occupation or calling of habitually selling direct to the general public merchandise, commodities or goods for consumption, but the restrictions of this law shall not apply to the following:

- a. Sales by a manufacturer, processor, laborer, or worker, to the general public the products manufactured, processed or produced by him if his capital does not exceed One hundred thousand pesos (P100,000);
- b. Sales by a farmer or agriculturist selling the products of his farm;
- c. Sales in 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; and
- d. Sales which are limited only to products manufactured, processed or assembled by a manufacturer through a single outlet, irrespective of capitalization.

(1) "High-end or luxury goods" shall refer to goods which are not necessary for life maintenance and whose demand is generated in large part by the higher income groups. Luxury goods shall include, but are not limited to, products such as: jewelry, branded or designer clothing and footwear, wearing apparel, leisure and sporting goods, electronics and other personal effects.

SEC. 4. *Treatment of Natural-Born Citizen Who Has Lost His Philippine Citizenship.* - A natural-born citizen of the Philippines who has lost his Philippine citizenship but who resides in the Philippines shall be granted the same rights as Filipino citizens for purposes of this Act.

SEC. 5. *Foreign Equity Participation.* - Foreign-owned partnerships, associations and corporations formed and organized under the laws 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 proprietorships, with the DTI, engage 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 (US\$2,500,000) 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 (US\$2,500,000) but less than Seven million five hundred thousand US dollars (US\$7,500,000) 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 sixty percent (60%) of total equity.

Category C - Enterprises with a paid-up capital of the equivalent in Philippine Pesos of Seven million five hundred thousand US dollars (US\$7,500,000) or more may be 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):

Category D - Enterprises specializing in high-end or luxury products with a paid-up capital of the equivalent in Philippine Pesos of Two hundred fifty thousand US dollars (US\$250,000) per store may be wholly owned by foreigners.

The foreign investor shall be required to maintain in the Philippines the full amount of the prescribed minimum capital, unless the foreign investor has notified the SEC and the DTI of its intention to repatriate its capital and cease operations in the Philippines. The actual use in Philippine operations of the inwardly remitted minimum capital requirement shall be monitored by the SEC.

Failure to maintain the full amount of the prescribed minimum capital prior to notification of the SEC and the DTI, shall subject the foreign investor to penalties or restrictions on any future trading activities/business in the Philippines.

Foreign retail stores shall secure a certification from the Bangko Sentral ng Pilipinas