

**[ SEC MEMORANDUM CIRCULAR NO. 1, March 23, 1999 ]**

**COMPROMISE PENALTIES FOR VIOLATIONS BY REGIONAL HEADQUARTERS OF PROVISIONS OF BOOK III OF THE OMNIBUS INVESTMENTS CODE OF 1987 AND VIOLATIONS BY FOREIGN CORPORATIONS OF SECTIONS 126 AND 141 OF THE CORPORATION CODE AND BOOK II OF THE SAID OMNIBUS INVESTMENT CODE**

Concomitant to the monitoring of the corporate activities of Regional Headquarters/Foreign Corporations in the country, is the imposition of corresponding penalties for violations noted. Going by the current Scale of Fines formulated for this class considering that the regional headquarters and foreign corporations in the Philippines have been remiss in the submission of their reportorial requirements. For this reason the Commission hereby suspends from March 31, 1999 until May 31, 1999 the imposition of the fines under the existing Scale of Fines. In lieu thereof, corporations found in default shall be allowed to pay the compromise penalties under the hereunder prescribed conditions.

*SECTION 1. Regional Headquarters -*

**A. *Scope of Violations Covered*** - The Circular extends to reportorial requirements identified in Sec. 3, Rule XVII, Part IV of the Rules and Regulations to implement EO 226, namely:

1. *General Information Sheet* - within 30 days after issuance of the Certificate of Registration and License.
2. *a) Certificate of Initial Inward Remittance of \$30,000* - within thirty (30) days from receipt of the Certificate of Registration.  
*b) Additional Inward Remittance* - within ten days (10) days from receipt of every additional remittance.
3. *Annual report* - within thirty (30) days from the anniversary date of registration.
  - a. Proof of Inward Remittance of at least \$50,000.
  - b. Statement of Expenditures.
4. *Change in Composition of Personnel* - within ten (10) days after change occurs.
5. *Termination of Service of Expatriates/Cessation of Operations* - fifteen (15) days before same is effected.

## **B. *Amount of Compromise Penalty***

The compromise penalties shall be as follows:

### **1. *General Information Sheet* -**

P500.00 for every year of delay - total fine not to exceed P3,000.00

### **2. *Annual Report/Audited Financial Statements***

P500.00 for every year of delay - total fine not to exceed P3,000.00

### **3. *Certificate of Inward Remittance***

#### **A. *Initial Remittance***

P500.00 for every year of delay - total fine not to exceed P3,000.00;

#### **B. *Additional Remittance***

Five (5) violations or less - P500.00/yr. but not to exceed P2,000.00

Six (6) violations or more - P700.00/yr. but not to exceed P3,000.00

#### **C. *Annual Remittance***

P500.00 for every year of delay - but not to exceed P3,000.00

### **4. *Deficiency in Amount of Inward Remittance***

#### **A. *Initial Remittance***

.001 of the amount of deficiency in peso equivalent, total fine shall not be less than P500.00 but not more than P5,000.00

#### **B. *Annual Remittance***

.002 of the amount of deficiency in peso equivalent, total fine shall not be less than P500.00 but not more than P5,000.00

### **5. *Notice of Change in Personnel Complement***

Basic Fine of P1,000.00

### **6. *Notice of Termination of Expatriates/Cessation of Operations* -**

Basic Fine of P1,000.00

## **C. *Documents to be Submitted to Avail of the Compromise Penalty***

1. Sworn Statement

2. Updated General Information Sheet as of 1998 or 1999 (when due)

3. Summary of all remittances supported by bank certificates.

4. Annual Report/Financial Statements for 1993 or 1999 (when due)