

Vol. 08



DISCOVERING THE POTENTIAL OF

# Philippines



PHILIPPINES COUNTRY GUIDE

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# Philippines: A Strategic Gateway to Growth in Southeast Asia



Welcome to the Philippines, one of Southeast Asia's most resilient and opportunity-rich markets. With its young, English-speaking population and competitive labour costs, the country has emerged as a leading destination for global outsourcing, digital services, and business expansion.

Located at the crossroads of East and Southeast Asia, the Philippines offers regional connectivity, cost advantages, and a growing infrastructure network. Recent economic reforms continue to open up more opportunities for foreign investment and long-term growth.

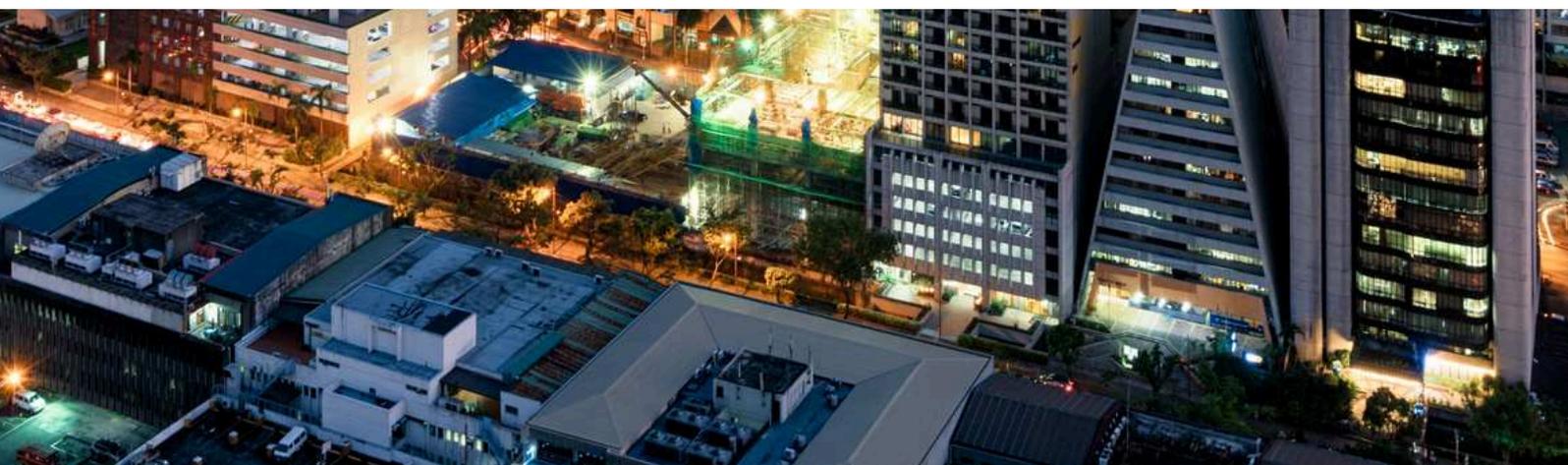
This Philippines Country Guide provides essential insights into business regulations, workforce practices, high-growth sectors, and cultural considerations. It is designed to help companies navigate and succeed in one of ASEAN's most dynamic markets.

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# About the Philippines



## Geography & Climate

### Location

The Philippines is a Southeast Asian archipelago of 7,641 islands located between the South China Sea and the Philippine Sea. It sits along key maritime routes and is strategically positioned between East and Southeast Asia. The country is divided into three main geographical island groups: Luzon, Visayas, and Mindanao.

### Terrain and Climate

The Philippines features a diverse landscape of mountains, coastal plains, volcanoes, and lowland forests. It is part of the Pacific Ring of Fire, which makes it highly prone to earthquakes and volcanic activity.

The country has a tropical maritime climate characterised by high humidity and consistently warm temperatures throughout the year.

- **Temperature:** Typically ranges between 25°C and 32°C
- **Rainfall:** Varies by region, with the heaviest rainfall occurring from July to October
- **Seasons:**
  - Dry Season (Amihan): December to May
  - Wet Season (Habagat): June to November
- **Natural Hazards:** Typhoons are frequent, with an average of 20 tropical cyclones entering the Philippine Area of Responsibility each year.



## Currency

### Philippine Peso (₱ / PHP)

The Philippine peso (PHP), symbolised by ₱, is the official currency of the Philippines and is regulated by the Bangko Sentral ng Pilipinas (BSP). It is used for all domestic transactions and is issued in both banknotes and coins.

### Denominations

- **Banknotes:** ₱20, ₱50, ₱100, ₱200, ₱500, ₱1,000
- **Coins:** ₱1, ₱5, ₱10, ₱20, and centavo coins (1¢, 5¢, 10¢, 25¢)

### Key Features for Businesses

- **Exchange Rate:** The peso operates under a floating exchange rate system. Its value is determined by market forces, with the BSP intervening as needed to ensure stability and orderly market conditions.
- **Convertibility:** PHP is convertible for current account transactions, but cross-border transfers of large amounts are subject to BSP regulations and declaration requirements. Currency exchange should be conducted through authorised banks and money changers in the Philippines.
- **Digital Transactions:** Digital payment adoption is expanding rapidly. Mobile wallets such as GCash and Maya are widely used in retail and service sectors, with QR code payments becoming standard across businesses.
- **Remittances:** Overseas Filipino workers (OFWs) are a major driver of peso inflows. Remittances significantly support household spending and contribute to national liquidity.



## Population

### Size & Demographics

- **Total Population (2025):** Approximately 117 million
- **Median Age:** 26.1 years (as of early 2025)
- **Elderly (65+):** Approximately 5.7% of the total population (2025 projection)
- **Ethnic Composition:**
  - Tagalog: 26.0%
  - Bisaya/Binisaya: 14.3%
  - Cebuano: 8.0%
  - Ilocano: 8.0%
  - Hiligaynon/Ilonggo: 7.9%
  - Bikol/Bicol: 6.5%
  - Waray: 3.8%
  - Others: Remaining ethnolinguistic and indigenous communities

### Urbanisation

- **Urban Population:** Approximately 48.5%
- **Key Cities:**
  - Metro Manila (NCR): Government, finance, and BPO headquarters
  - Cebu City: Regional hub for tourism, ICT, and maritime services
  - Davao City: Centre for agribusiness, logistics, and Mindanao development
  - Clark and Subic: Former US military bases now developed into industrial and logistics zones

### Workforce

- **Labour Force Size (2025):** Over 50 million
- **Participation Rate:** Around 64%
- **Workforce Profile:** Predominantly young, English-speaking, and service-orientated
- **Business Insight:** Strong presence in BPO, construction, manufacturing, and overseas deployment sectors

## Population

### Foreign Workforce & Migration

- **Work Visa Options:** 9(g) Pre-Arranged Employment Visa, Special Work Permit (SWP), and Alien Employment Permit (AEP) are the primary routes.
- **Recent Policy Updates:**
  - Increased documentation and compliance checks to regulate foreign employment
  - Ongoing efforts to digitalise work permit processing and streamline visa applications through the Department of Labour and Employment (DOLE) and Bureau of Immigration



## Infrastructure

### Transportation

- **Ninoy Aquino International Airport (NAIA):** Located in Metro Manila, NAIA is the country's main international gateway. Expansion and rehabilitation projects are planned to improve efficiency and passenger capacity across its four terminals.
- **Clark International Airport:** Positioned as an alternative to NAIA, Clark supports Central and Northern Luzon's growth. Its upgraded passenger terminal and logistics capabilities are part of the government's push to decentralise air traffic.
- **North-South Commuter Railway (NSCR):** This 147-km railway project connects Clark to Calamba via Metro Manila. It is designed to reduce road congestion, shorten travel times, and support economic activity across Luzon.
- **Expressway Network:** The Philippines has an expanding network of toll roads, including NLEX, SLEX, TPLEX, and Skyway. These support cargo movement and commuter access across key urban and industrial zones.
- **Port Infrastructure:** The country has over 1,200 ports, with the Port of Manila, Cebu International Port, and Batangas Port serving as major gateways for domestic and international trade.

### Digital Infrastructure

- **National Broadband Plan:** The government is rolling out fibre infrastructure and investing in last-mile connectivity to improve internet access, particularly in underserved areas.
- **5G Rollout & Data Centres:** 5G services are expanding across Metro Manila and other major cities. Data centre investments are increasing to meet rising demand in cloud computing, fintech, and digital services.
- **E-Government & Digital Payments:** The Philippines is advancing its digital ecosystem through platforms such as eGov PH, QR Ph, and the widespread use of mobile wallets like GCash and Maya.

## Infrastructure

### Energy

- **Power Generation Mix:** The Philippines relies on a mix of coal, natural gas, renewables, and oil. Over 40% of the country's power still comes from coal, but renewable energy is gaining ground.
- **Renewable Energy Targets:** The Department of Energy aims to increase renewables to 35% of the power mix by 2030 and 50% by 2040. Solar, wind, hydro, and geothermal are the primary sources under development.
- **Grid Expansion & Energy Security:** Projects such as the Mindanao–Visayas Interconnection Project (MVIP) and planned LNG terminals aim to improve national grid integration and reduce energy dependence.

### Special Economic Zones

- **Clark Freeport Zone:** Located in Central Luzon, Clark hosts industrial parks, business centres, and an international airport. It offers fiscal incentives and is a growing hub for logistics and light manufacturing.
- **Subic Bay Freeport:** A major maritime and industrial zone, Subic supports shipping, warehousing, shipbuilding, and manufacturing. Its deepwater port enhances trade and supply chain efficiency.
- **CALABARZON Industrial Belt:** The region covering Cavite, Laguna, Batangas, Rizal, and Quezon is the country's most industrialised corridor, home to export-processing zones, automotive hubs, and electronics manufacturing.



## Regional Opportunities

### **Metro Manila (National Capital Region)**

- Government, Finance, Business Services
- The National Capital Region is the political and economic heart of the Philippines. It hosts the main government institutions, the central bank, and the headquarters of domestic and international firms. The area leads in banking, business process outsourcing (BPO), and professional services.
- **Key Opportunities:** Financial services, real estate, corporate support, legal and consulting

### **CALABARZON (Cavite, Laguna, Batangas, Rizal, Quezon)**

- Manufacturing, Industrial Parks, Automotive
- This region forms the country's most developed industrial belt. It is a base for electronics, automotive, food processing, and export manufacturing. Industrial zones and tech parks are supported by well-developed road infrastructure and proximity to Metro Manila.
- **Key Opportunities:** Semiconductors, consumer goods, agritech, logistics and warehousing

### **Central Luzon (Clark, Subic, Tarlac, Pampanga)**

- Logistics, Freeports, Light Manufacturing
- Central Luzon is home to two major freeports, Clark and Subic, which offer fiscal incentives, infrastructure, and multimodal logistics access. The region is positioned as an alternative business hub to Metro Manila.
- **Key Opportunities:** Logistics, aerospace, shared services, e-commerce fulfillment

## Regional Opportunities

### Cebu and Central Visayas

- Tourism, ICT, Maritime Services
- Cebu City is the economic and cultural centre of the Visayas. It is a growing destination for tourism, outsourcing, and digital services, supported by port facilities and international air access.
- **Key Opportunities:** Digital services, hospitality, maritime support, education and healthcare

### Davao and Northern Mindanao

- Agribusiness, Trade, Regional HQs
- Mindanao's main commercial hub, Davao, leads in agribusiness, processing, and logistics. The region's improving security and infrastructure have drawn interest in regional operations, exports, and development projects.
- **Key Opportunities:** Processed food, agri-exports, halal trade, logistics and distribution



Quick Insights: Filipinos spend an average of 3.5 hours daily on social media. This is among the highest in the world, making it a digitally savvy market ideal for online customer engagement.



# Why the Philippines?



## Economic Indicators & Outlook

### GDP Growth

- **2024 Performance:** The Philippine economy grew by 5.6% in 2024, driven by domestic consumption, services, and infrastructure spending.
- **Q1 2025:** Real GDP grew by 5.4% year-on-year in the first quarter of 2025.
- **2025 Forecast:** The government forecasts GDP growth of 5.5%–6.5% for the full year.
- **Business Insight:** Steady growth, supported by a young consumer base and infrastructure momentum, continues to make the Philippines attractive to regional investors.

### Inflation

- **2024 Average:** Headline inflation eased to 3.5% in 2024 from 6.0% in 2023.
- **2025 Outlook:** Inflation is projected to average 2.0%–3.1%.
- **Business Insight:** Moderate inflation creates a favourable environment for investment planning and operational stability.

### Unemployment

- **2024 Rate:** The average unemployment rate was 4.5%.
- **2025 Trend:** Unemployment is expected to remain stable.
- **Business Insight:** Improving labour conditions supports consumer confidence and helps sustain internal demand.

### Trade Balance

- **2024 Performance:** The Philippines recorded a trade deficit of US\$54 billion.
- **2025 Outlook:** The trade gap is expected to narrow as electronics exports and tourism receipts recover.
- **Business Insight:** While merchandise trade remains in deficit, services and overseas income flows are key buffers for economic stability.

## Economic Indicators & Outlook

### Foreign Direct Investment (FDI)

- **2024 Inflows:** FDI rose to US\$9.3 billion.
- **2025 Prospects:** Investment interest is projected to rise.
- **Business Insight:** Strong fundamentals and improving regulatory conditions are encouraging long-term investor confidence.

### Economic Outlook Summary

The Philippines is set to remain one of Southeast Asia's faster-growing economies, with GDP growth forecast at 5.5%–6.5% in 2025. A young population, infrastructure upgrades, and growing digital adoption fuel long-term potential. Inflation is stabilising, and employment is recovering steadily. Although external risks persist, the country's pro-growth stance, fiscal reforms, and expanding middle class position it well for sustained economic development.

## Strategic Advantages

### Macroeconomic Stability

The Philippines is projected to grow between 5.5% and 6.5% in 2025, supported by domestic demand, service exports, and infrastructure investment.

- **Resilient Domestic Demand:** Private consumption drives over 70% of GDP, buoyed by remittances and a growing middle class.
- **Prudent Fiscal Management:** Sustained efforts in tax reform, inflation control, and debt stabilisation reinforce investor confidence.
- **Service-Led Growth:** IT-BPM, tourism, and financial services form key pillars of economic expansion.
- **Improving Infrastructure:** Public and private infrastructure spending continues to enhance national connectivity.

## Why the Philippines?

# Strategic Advantages

### Strategic Location & Regional Integration

Situated along vital maritime routes in Southeast Asia, the Philippines offers strong regional and global trade access.

- **Maritime Gateway:** The archipelago connects Pacific trade lanes with the rest of ASEAN and East Asia.
- **ASEAN Membership:** Participation in ASEAN and RCEP fosters trade liberalisation and regional supply chain integration.
- **Transport Upgrades:** Ongoing upgrades in seaports, airports, and rail enhance logistics and trade capabilities.
- **Growing International Ties:** Bilateral and multilateral partnerships support trade, defence, and development aid.

### Sectoral Strengths & Competitive Industries

Key Philippine industries are supported by talent availability, export markets, and digital transformation.

- **IT-BPM Hub:** The Philippines ranks among the world's top outsourcing destinations for voice and knowledge services.
- **Electronics & Semiconductors:** A key export sector integrated into global value chains.
- **Tourism & Hospitality:** Natural beauty, English-speaking staff, and medical tourism drive sector recovery.
- **Agribusiness Potential:** Abundant natural resources support expansion in food processing, fisheries, and agri-tech.



## Strategic Advantages

### Investment Climate & Market Access

Pro-business reforms and favourable demographics support long-term investor appeal.

- **Liberalised Ownership:** Full foreign equity is now permitted in airports, railways, expressways, subways, and telecoms. However, caps remain for common-carrier shipping, energy transmission and distribution, and certain logistics assets.
- **Special Economic Zones (SEZs):** PEZA and other zones offer tax incentives, streamlined processes, and infrastructure support.
- **Large Consumer Base:** A domestic market of approximately 117 million supports growth across retail, fintech, and FMCG.
- **Digitisation Push:** Government e-services and private fintech innovation enhance the ease of doing business.

### Innovation & Human Capital Development

The Philippines is investing in future-ready talent and innovation-led growth.

- **Digital Startups:** Metro Manila, Cebu, and Davao are emerging hubs for fintech, healthtech, and logistics tech.
- **Education Reforms:** Investments in STEM, technical education, and upskilling boost workforce readiness.
- **Public-Private Collaboration:** Government and private sector initiatives support tech adoption and inclusive innovation.
- **Youth Advantage:** A median age of 26.1 creates long-term potential for entrepreneurship and digital fluency.

## Major Industries Driving Growth

### IT-BPM (Information Technology and Business Process Management)

- **Contribution to GDP:** Contributes at least 8% to GDP, with strong year-on-year growth.
- **Employment:** 1.82 million professionals in 2024; projected to reach 1.9 million by end-2025.
- **Revenue:** USD 38 billion in 2024, with a target of USD 40 billion in 2025.
- **Growth Projection:** Expected to grow 8–10% annually, driven by strong global demand and digital adoption.
- **Strategic Initiatives:** The IT-BPM Roadmap 2028 focuses on upskilling, countryside expansion, and digital transformation.

### Electronics & Semiconductors

- **Export Value:** Accounts for 53–56% of total merchandise exports.
- **Recent Performance:** Projected to grow modestly by 1–2% in 2025, following contractions of 8% in 2023 and 6.7% in 2024.
- **Key Hubs:** CALABARZON and Central Luzon remain major production zones.
- **Support Programmes:** Exporters benefit from PEZA incentives and the CREATE Act to remain globally competitive.



## Major Industries Driving Growth

### Construction & Infrastructure

- **Sector Size:** Accounted for approximately 7% of GDP in 2024, with a sector growth rate of 10.3%.
- **Flagship Programme:** “Build Better More” now includes 207 projects worth PHP 9.86 trillion (approx. USD 178 billion).
- **Spending Performance:** Infrastructure disbursements reached PHP 1.545 trillion in 2024, representing 5.8% of GDP.
- **Outlook:** Continued public and private investment positions infrastructure as a pillar of long-term economic development.

### Tourism & Hospitality

- **Economic Contribution:** Accounted for 8.9% of GDP in 2024, up from 8.7% in 2023.
- **Arrivals:** 5.95 million international visitors in 2024, with South Korea, the US, and Japan as top source markets.
- **Revenue:** Despite lower arrivals, tourism revenue reached a record-high PHP 760.5 billion.
- **Strategic Goals:** The National Tourism Development Plan 2023–2028 focuses on sustainable tourism, regional connectivity, and investment in key destinations.

### Agriculture & Agribusiness

- **Labour Share:** Employs around 22–24% of the national workforce.
- **Key Products:** Rice, coconut, bananas, sugarcane, and seafood remain core outputs.
- **Challenges:** Climate risks and inefficient logistics persist.
- **Growth Areas:** Agritech, food processing, and cold chain development offer investment potential.

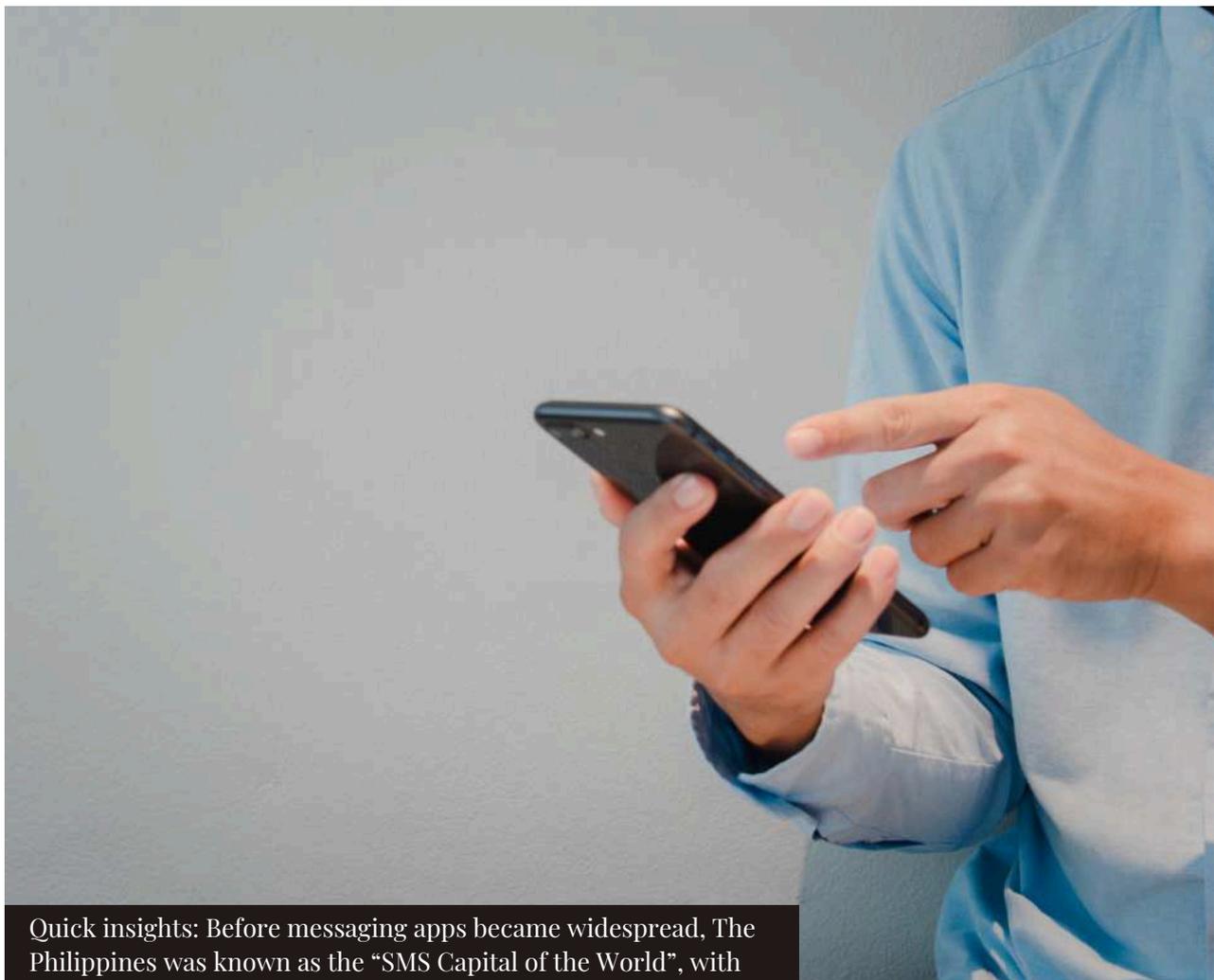
### Financial Services & Fintech

- **Financial Inclusion:** 50.2% of adults had formal financial accounts in 2024, falling short of BSP’s 70% target.
- **Digital Wallet Adoption:** GCash has over 94 million users; the combined user base with Maya exceeds 90 million.
- **Regulatory Support:** BSP initiatives such as the Digital Payments Transformation Roadmap and QR Ph are accelerating the shift to cashless payments.

## Major Industries Driving Growth

### Retail & Consumer Goods

- **Market Overview:** Driven by urbanisation, rising disposable income, and digital adoption.
- **E-commerce Expansion:** Platforms like Lazada, Shopee, and TikTok Shop continue to dominate the online retail space.
- **Consumer Trends:** Demand is rising for convenience goods, health-focused products, and digital payment options.
- **Outlook:** Strong domestic consumption and digital innovation will continue to drive retail sector growth.



Quick insights: Before messaging apps became widespread, The Philippines was known as the “SMS Capital of the World”, with billions of text messages sent every day.



# Legal Essentials



# Business Registration Process and Requirements

## Common Business Structures

- **Corporation:** Most common for local and foreign investors. Offers limited liability and separate legal entity status. Requires at least two incorporators and a Filipino corporate secretary who is a resident.
- **Sole Proprietorship:** Owned by one individual and registered with the DTI. Simple setup, but the owner holds full personal liability.
- **Partnership:** Formed by two or more parties and registered with the SEC. General partnerships have unlimited liability; limited partnerships offer protection for limited partners.
- **Branch Office:** Extension of a foreign company. Requires SEC license and USD 200,000 capital (or PHP 5,000 if exporting 60%+ of output).
- **Representative Office:** For non-revenue activities like research or coordination. Requires SEC registration and USD 30,000 capital.

## Key Steps to Register

1. **Reserve and Register Business Name:** Use the DTI BNRS for sole proprietorships, and the SEC CRS for corporations, partnerships, branches, and representative offices.
2. **Submit Incorporation Documents via SEC ZERO:** From 2025, all corporations must register via the SEC's fully online SEC ZERO platform. Notarisation and physical documents are no longer required. Digital certificates are legally valid.
3. **Secure Local Government Permits:** Obtain Barangay Clearance and Mayor's Business Permit from the relevant local government unit.
4. **Register with the BIRL:** Apply for a TIN, Certificate of Registration (COR), and authorisation to print official receipts.
5. **Register with Labour and Social Agencies:** Mandatory enrolment with SSS, PhilHealth, and Pag-IBIG Fund for employee benefits.

**Note:** With digital systems now in place, timelines have improved. However, working with local experts like **Eos Global Expansion** ensures regulatory clarity, proper sequencing, and full compliance throughout the setup process.

## Taxation Overview

The Philippines applies a mixed tax regime. Resident citizens and domestic corporations are taxed on worldwide income. Non-resident citizens and foreign corporations are taxed only on income sourced within the Philippines. This system combines worldwide and territorial elements depending on taxpayer status.

### **Corporate Income Tax (CIT)**

- The standard corporate income tax rate is 25 percent for most domestic and resident foreign corporations.
- A reduced rate of 20 percent applies to corporations with net taxable income not exceeding PHP 5 million and total assets not exceeding PHP 100 million, excluding land.
- Non-resident foreign corporations are taxed at 25 percent on gross Philippine-sourced income.
- The Philippines uses a semi-integrated system. Dividends received by shareholders are generally subject to further tax unless an exemption applies.

### **Value-Added Tax (VAT)**

- The VAT rate is 12 percent.
- VAT applies to the sale of goods and services, imports, and leases.
- Businesses must register for VAT if their annual gross sales or receipts exceed PHP 3 million.
- Zero-rated or exempt transactions include export sales, sales to PEZA and other registered export enterprises, and sales of renewable energy power or fuel.

### **Personal Income Tax (PIT)**

- Resident individuals are taxed progressively from 0 percent to 35 percent.
- Non-resident aliens not engaged in trade or business are taxed at a flat rate of 25 percent on Philippine-sourced income.
- Non-resident aliens engaged in business use the same graduated tax table as residents.
- Certain types of income, such as capital gains and passive income, are subject to final withholding taxes.

# Taxation Overview

## **Withholding Tax (WHT)**

- Withholding tax applies to certain payments to non-residents.
- Dividends: 25 percent standard rate, reduced to 15 percent where the tax-sparing rule or a tax treaty applies
- Interest and royalties: 20 percent (non-treaty rate)
- Professional and technical services: 15 percent for resident foreign recipients and 25 percent for non-residents
- The Philippines has 43 tax treaties in force that may provide reduced rates.

## **Tax Incentives (CREATE Act and CREATE MORE 2024)**

Qualified enterprises may access the following incentives:

- Income tax holidays
- Enhanced deductions for key expenses such as labour, power, R&D, and training
- A 5 percent special corporate income tax on gross income for export enterprises located in economic zones
- These incentives are administered by the Fiscal Incentives Review Board (FIRB) and investment promotion agencies such as PEZA and BOI.
- Priority sectors include manufacturing, digital infrastructure, healthcare, renewable energy, agribusiness, and logistics.

## **Digital Services VAT**

- Republic Act No. 12023 and BIR Revenue Regulations No. 3-2025 impose a 12 percent VAT on digital services supplied by non-resident providers to consumers in the Philippines.
- This includes services such as streaming platforms, SaaS, online marketplaces, and e-learning.
- Implementation began on 2 June 2025, with a registration deadline of 1 July 2025 for affected providers.

# Taxation Overview

## Tax Administration and Compliance

- All businesses must register with the Bureau of Internal Revenue (BIR) and obtain a Taxpayer Identification Number (TIN).
- Annual income tax returns are due by 15 April for individuals and sole proprietors and by the 15th day of the fourth month after the fiscal year-end for corporations.
- Quarterly VAT and income tax filings are required.
- Transfer pricing documentation is mandatory for related-party transactions under BIR Revenue Regulations No. 34-2020.
- Working with local experts ensures businesses remain compliant with national and local tax regulations.

# Labour Laws

The Philippines' labour framework is governed by the Labour Code and updated Department of Labour and Employment (DOLE) regulations. It ensures fair and transparent employment standards for both local and foreign workers.

## Working Hours and Overtime

- Standard working hours are 8 hours per day, typically 6 days per week (48 hours).
- Overtime is paid at 125 percent of the regular hourly rate for work beyond 8 hours per day.
- Premium pay of 130–200 percent applies for work on rest days, special holidays, or regular holidays.
- Flexible work arrangements are permitted if both employer and employee agree in writing.

## Labour Laws

### Minimum Wage

Minimum wages are set by Regional Tripartite Wages and Productivity Boards (RTWPBs) and are reviewed periodically based on inflation and local conditions. As of July 2025, daily minimum wages for non-agricultural workers in major regions include:

- Metro Manila (NCR): PHP 695
- Cebu City (Region VII – Central Visayas): PHP 501
- Davao City (Region XI – Davao Region): PHP 510
- Iloilo City (Region VI – Western Visayas): PHP 513
- Baguio City (Cordillera Administrative Region): PHP 470

Employers must comply with the applicable minimum wage for their location and industry.

### Employment Contracts

- The Labour Code recognises various contract types: regular, project-based, seasonal, and fixed-term.
- Written contracts are recommended and should detail job responsibilities, compensation, duration (if applicable), and statutory benefits.
- Regular employment status is presumed after six months of continuous work if no fixed-term agreement applies.



## Labour Laws

### Termination and Severance Pay

- Just or authorised causes must justify termination, and due process must be followed, including written notice and the right to respond.
- Separation or severance pay applies in cases such as redundancy or retrenchment and ranges from half a month to a full month's pay per year of service, depending on the reason.

### Leave Entitlements

- Service Incentive Leave: 5 paid days per year after one year of service
- Maternity Leave: 105 days with pay, extendable to 120 days for solo parents
- Paternity Leave: 7 days for married male employees, for up to four childbirths
- Special Leave: 60 days for female employees undergoing gynaecological surgery under the Magna Carta for Women
- Employers may offer additional leave, such as emergency or bereavement leave, as per company policy.

### Social Security and Benefits

- Employers must register employees and contribute to:
- Social Security System (SSS): Covers retirement, sickness, disability, and maternity benefits
- PhilHealth: Provides public health insurance coverage
- Pag-IBIG Fund: Mandatory savings and access to housing-related loans
- Contribution rates and deadlines are stipulated by each agency and must be strictly adhered to.

## Visas for Foreign Nationals

The Philippines offers several visa categories for foreign professionals, investors, and entrepreneurs. All foreign nationals intending to work or do business in the country must obtain the appropriate visa and permits before commencing activities.

### Key Work Visa Types

#### **9(g) Pre-Arranged Employment Visa**

- For foreign nationals hired by Philippine-based companies
- Requires prior issuance of an Alien Employment Permit (AEP) from the Department of Labour and Employment (DOLE)
- Valid for 1 to 3 years, depending on the employment contract, and renewable
- The sponsoring employer must register the employment with the Bureau of Immigration.

#### **47(a)(2) Special Non-Immigrant Visa**

- For foreign employees of companies registered with investment promotion agencies such as PEZA or BOI
- Offers multiple-entry and long-term stay privileges
- Endorsed by the relevant government agency (e.g., PEZA, BOI)
- Generally exempt from AEP requirements

#### **Special Investor's Resident Visa (SIRV)**

- For foreign investors who invest a minimum of USD 75,000 in eligible Philippine enterprises
- Grants indefinite stay with multiple-entry privileges
- Investors must maintain the qualifying investment and submit annual reports.

#### **Special Resident Retiree's Visa (SRRV)**

- For retirees aged 50 and above (exceptions apply for former Filipino citizens and specific special categories)
- Offers permanent residency and exemption from ACR I-Card and exit clearance requirements
- Administered by the Philippine Retirement Authority (PRA)

# Visas for Foreign Nationals

## Employment & Business Permit Requirements

### Alien Employment Permit (AEP)

- Required for foreign nationals seeking employment in local companies unless exempted under special visa programs
- Issued by DOLE and must be obtained before visa processing
- Validity typically aligns with the employment contract duration.

### PEZA/BOI Visa Endorsement

- PEZA and BOI-registered companies may sponsor foreign employees under 47(a) (2) visas.
- Endorsements streamline the processing of work visas.

### Dependent & Family Visas

- 13(a) Non-Quota Immigrant Visa: For legally married spouses and unmarried children under 21 of Filipino citizens
- 13(g) Visa: For returning former Filipino citizens and their families
- Special Dependents' Visas: Available for dependants of SIRV and SRRV holders through the Bureau of Immigration or PRA



## Visas for Foreign Nationals

### Recent Developments

- The Bureau of Immigration continues to expand its digital services and e-services platform to improve processing efficiency for various immigration applications.
- The 12th Foreign Investment Negative List, issued under Executive Order 175 (2022), remains in effect, limiting foreign equity in specific sectors.
- Foreign nationals must carry valid ACR I-Cards, renew visas before expiry, and comply with annual reporting to avoid penalties.



Quick Insights: The festive season kicks off as early as September. The “Ber” months are filled with lights, music, and shopping, making it a strong period for seasonal campaigns.



# Cultural Tips



# Professional Culture Insights

Understanding the Philippines' workplace culture supports effective collaboration and long-term success in local teams and partnerships.

## Workplace Norms and Practices

- **Hierarchy and Personalism:** Filipino workplaces tend to follow a clear hierarchy. Job titles and seniority are respected, and deference to authority is common. Relationships play a significant role, and personal rapport with decision-makers often influences business outcomes.
- **Flexibility and Harmony:** Adaptability is valued, and maintaining smooth interpersonal relationships is a priority. Filipino professionals may avoid direct confrontation to preserve harmony, favouring polite and non-confrontational communication.
- **Respect for Roles:** While teamwork is encouraged, tasks and decisions typically follow reporting lines. Senior managers usually have the final say, especially in traditional or family-run businesses.

## Communication Preferences

- **Polite and Indirect:** Communication is generally polite, tactful, and less direct than in Western contexts. Clarity is still important, but sensitive issues are often approached carefully to avoid embarrassment or loss of face.
- **English Proficiency:** English is widely used in business settings. It is common for conversations to switch between English and Filipino, depending on the formality of the context.
- **Nonverbal Cues:** Tone, gestures, and implied meanings carry weight. Reading between the lines is sometimes necessary to fully understand a response.

## Networking and Relationship-Building

- **Trust Through Personal Connection:** Strong business relationships are often built through personal connections. Socialising over meals, events, or informal gatherings is common and helps establish trust.
- **Hospitality Matters:** Offering food, small gifts, or personalised attention is part of professional hospitality. These gestures are not seen as extravagant but as a sign of goodwill.

# Professional Culture Insights

## Meetings and Negotiations

- **Formal Yet Friendly:** Meetings tend to begin with light conversation before moving into formal business matters. Agendas may be flexible, with room for relationship-building.
- **Consensus-Seeking:** While top-down decisions are common, group consensus is often sought to preserve harmony and avoid conflict.
- **Patience and Politeness:** Business negotiations may take time. Pushing too hard or rushing discussions can be viewed as disrespectful.

## Work-Life Norms and Holiday Practices

- **Work Culture:** Filipino professionals are generally resourceful, hardworking, and resilient. Work-life balance is important, with many prioritising family commitments and personal well-being alongside career goals.
- **Holidays:** The Philippines celebrates a range of religious and national holidays, including Christmas, Holy Week, Eid al-Fitr, and Independence Day. These periods may see slower business activity.

## Religious and Cultural Sensitivity

- **Christian Majority with Diversity:** The majority of Filipinos are Roman Catholic, but workplaces may also include Muslims, Protestants, and other religious groups. Respect for religious practices and holiday observances is expected.
- **Family-Centric Values:** Family plays a central role in Filipino life and often influences work decisions, schedules, and social priorities.

## Business Attire

Business attire in the Philippines is typically modest and professional.

- **Men:** Long-sleeved shirts and slacks are standard, with jackets and ties for formal occasions or client-facing roles.
- **Women:** Conservative blouses, dresses, or slacks are preferred.
- In some industries and in warmer regions, the Barong Tagalog (a traditional formal shirt) may be acceptable as business wear.
- Smart casual dress is increasingly common in creative, tech, and start-up environments.

# Social and Cultural Norms

An understanding of Filipino cultural values and everyday customs helps foster stronger connections, both professionally and socially.

### Interpersonal Etiquette

- **Warm and Friendly:** Filipinos are known for their warmth, hospitality, and friendliness. Greetings are polite and often accompanied by a smile. Handshakes are common in business settings, though they may be softer than in Western cultures. In rural areas, informal greetings may involve a respectful head-nod or the traditional “mano po” gesture, where a younger person takes an elder’s hand and touches it to their forehead.
- **Respect for Elders and Authority:** Age and position are respected. Using titles such as “Sir,” “Ma’am,” or “Attorney” is customary in professional settings. In more casual environments, respectful terms like “Kuya” (older brother) or “Ate” (older sister) may be used.
- **Indirectness in Conversation:** Politeness and saving face are highly valued. Filipinos may avoid saying “no” directly and prefer to express disagreement gently or indirectly to maintain harmony.

### Social Customs and Everyday Behaviour

- **Family-Orientated Society:** Family is at the heart of Filipino culture. Decisions, priorities, and even business engagements may be influenced by family responsibilities and relationships.
- **Hospitality and Generosity:** It is common for Filipinos to go out of their way to make guests feel welcome, including offering food and going beyond expectations to show kindness. Refusing such gestures without explanation may be considered impolite.
- **Group Harmony:** Collectivism shapes many social interactions. Maintaining group cohesion, avoiding open conflict, and showing humility are seen as signs of maturity and respect.

## Social and Cultural Norms

### Public Behaviour and Communication

- **Modesty and Decorum:** Filipino society values modest behaviour. Loud, boastful, or confrontational conduct is generally discouraged. Humility and self-restraint are more appreciated than overt assertiveness.
- **Nonverbal Communication:** Body language is subtle but meaningful. A raised eyebrow can indicate acknowledgement or agreement. A soft smile may cover discomfort or hesitation. Reading context is important.
- **Use of English and Filipino:** English is widely spoken, especially in urban areas. Code-switching between English and Filipino is common in informal conversations, even within professional environments.

### Gift-Giving and Hospitality

- **Thoughtful but Modest:** Gifts are welcomed in both personal and professional contexts but should not be overly expensive. Simple tokens, especially those reflecting one's home country or culture, are appreciated.
- **Business and Social Meals** Sharing meals is a key part of building rapport. It is polite to accept food or drink when offered, even in small amounts. Business meals often include informal conversation before moving to work-related topics. Tipping is appreciated when no service charge is included in the bill, especially in restaurants, salons, and transport services.

### Religion and Beliefs

- **Predominantly Christian:** Over 80 percent of Filipinos identify as Roman Catholic. Religious values influence daily life, holidays, and workplace norms. Prayer and religious references are common in both personal and public contexts.
- **Respect for Diverse Faiths:** While Christianity is dominant, there are significant Muslim populations in southern regions and other faith groups throughout the country. Respect for religious practices and attire is expected.

## Social and Cultural Norms

### Public Holidays and Observances

The Philippines observes a mix of national and religious holidays.

Key holidays include:

- **New Year's Day** (January 1)
- **Holy Week** (March or April)
- **Independence Day** (June 12)
- **National Heroes Day** (last Monday of August)
- **All Saints' Day** (November 1)
- **Christmas Day** (December 25)
- **Eid al-Fitr and Eid al-Adha** (dates vary depending on the lunar calendar)

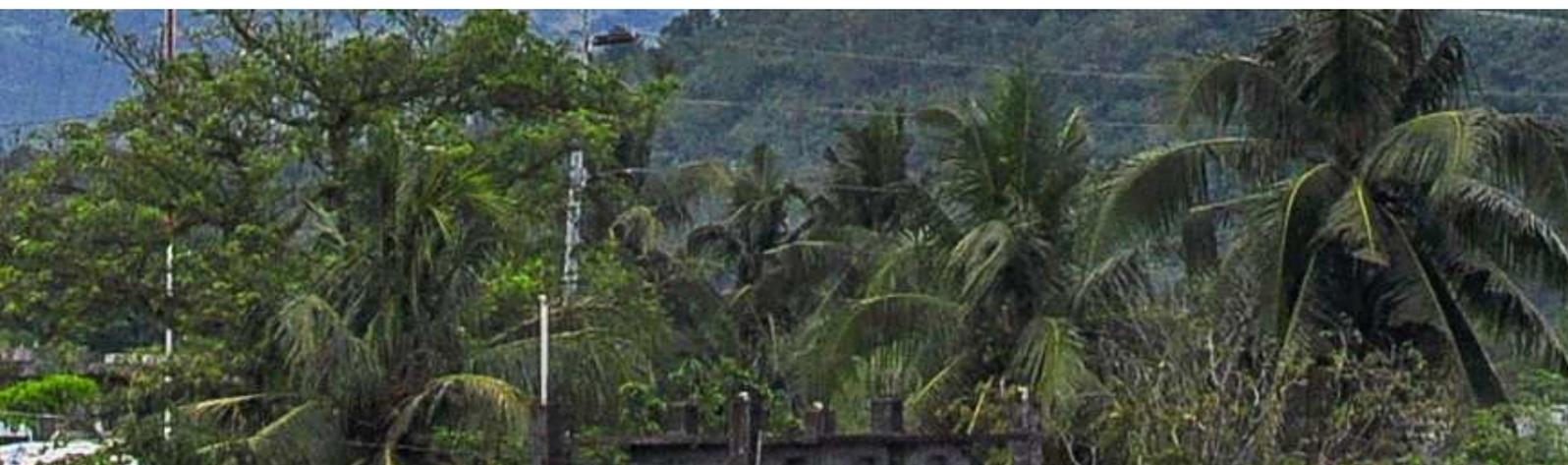
Business operations may pause or slow down during these periods, especially Holy Week and Christmas.



Quick Insights: Karaoke is everywhere, in homes, malls, and even convenience stores. It's more than just a hobby and often serves as a way to build rapport in social and team settings.



# Opportunities



## High-Growth Industries and Sectors

The Philippines is advancing in digitalisation, clean energy, and services-led innovation. Backed by strong domestic demand, regional trade access, and government incentives, the following sectors are showing strong momentum:

### Technology & Digital Services

- A key engine of growth, especially in urban centres like Metro Manila, Cebu, and Davao.
- Rapid expansion in fintech, e-commerce, logistics tech, and healthtech startups.
- The Philippine digital economy is projected to reach up to USD 40 billion by 2025.
- Government investment in digital inclusion, broadband, and cybersecurity continues to strengthen the ecosystem.
- The Philippines accounts for 19% of Southeast Asia's venture capital flow, with a growing startup base.

### IT-BPM & Knowledge Services

- A mature sector evolving into higher-value digital and knowledge work.
- One of the world's leading destinations for voice, back-office, and outsourcing services.
- The sector employed 1.82 million professionals in 2024, projected to reach 1.9 million by the end of 2025.
- Rapid expansion in legal, healthcare, financial, and AI-enabled service delivery.
- Strong government and industry collaboration in talent development and digital upskilling.

### Green Energy & Sustainability

- Clean energy investment is a national priority under the Philippine Energy Plan.
- Renewable energy targets: 35% share by 2030 and 50% by 2040.
- Over 75% of 2025's new energy capacity will come from renewables, led by solar and wind.
- Full foreign ownership permitted in renewable energy projects under recent reforms.
- Investment opportunities in solar farms, wind installations, and hybrid energy solutions.

## High-Growth Industries and Sectors

### Advanced Manufacturing & Electronics

- A key contributor to exports with growing opportunities in high-value manufacturing.
- Electronics comprise over 53% of total merchandise exports.
- Core strengths include semiconductors, assembly, and medical devices.
- Industrial zones in CALABARZON and Central Luzon anchor high-tech operations.
- The sector projects modest 1–2% growth in 2025 following two years of contraction.

### E-Commerce & Digital Retail

- The Philippines is one of the fastest-growing e-commerce markets in Southeast Asia.
- 83.8% internet penetration and a median age of 25.7 support long-term growth.
- E-commerce revenue projected to reach USD 16.75 billion in 2025.
- Rapid adoption of mobile payments, influencer commerce, and social platforms like TikTok Shop.
- Strong cross-border potential under RCEP and ASEAN integration.

### Financial Services & Fintech

- Digital finance continues to drive financial inclusion and innovation.
- Over 94 million GCash users and widespread adoption of Maya and other e-wallets
- Digital payments make up more than 50% of retail transactions.
- The BSP supports expansion via sandbox environments, open finance, and digital bank licensing.
- Growth in insurtech, blockchain, lending platforms, and payments infrastructure.

## High-Growth Industries and Sectors

### Healthcare & Life Sciences

- Healthcare demand is rising with population growth, urbanisation, and medical inflation.
- Digital health market expected to reach USD 971.8 million in 2025.
- Medical device market projected at USD 729.56 million with 9.16% CAGR.
- Telemedicine, diagnostics, and private healthcare facilities are expanding rapidly.
- Active investment in health-focused economic zones and healthcare infrastructure.

### Education & EdTech

- Workforce development is fuelling demand for digital and skills-based education.
- The EdTech market reached USD 5 billion in 2024 and is projected to more than double by 2033.
- High demand for coding academies, language learning, and vocational training.
- EdTech platforms like Edusuite, Quipper, and Kumu are driving innovation.
- Government and private sector partnerships are integrating AI and STEM into curricula.



## Government Initiatives and Incentives

The Philippines offers a competitive investment environment supported by tax incentives, innovation funding, digital reforms, and liberalised ownership rules. These government programmes aim to attract high-value industries and long-term investors.

### **PEZA and Special Economic Zones**

The Philippine Economic Zone Authority (PEZA) facilitates investment in IT parks, manufacturing zones, and eco-industrial estates.

- Export enterprises in PEZA zones are eligible for income tax holidays of 4 to 7 years, followed by a 5 percent special corporate income tax under CREATE MORE. Domestic-market enterprises shift to the Enhanced Deduction regime, which offers a 20 percent corporate tax rate with additional deductions.
- Full foreign ownership is allowed for export-orientated businesses within many PEZA zones.
- The PEZA One-Stop Service Centre supports investors with streamlined permit processing, visa facilitation, and customs clearance.

### **BOI Incentives for Priority Sectors**

The Board of Investments (BOI) supports both domestic and foreign companies in priority industries.

- Registered projects receive income tax holidays of up to 7 years and can qualify for up to 10 years of enhanced deductions.
- Capital equipment and raw materials may be imported duty-free.
- Target sectors include digital services, healthcare, renewable energy, agribusiness, and electronics.

## Government Initiatives and Incentives

### Strategic Investment Priority Plan

The Strategic Investment Priority Plan (SIPP) outlines investment focus areas aligned with the Philippine Development Plan 2023 to 2028.

- The plan follows a tiered structure with incentives based on impact and strategic value.
- Eligible sectors include infrastructure, clean energy, digital transformation, and innovation-led manufacturing.
- An updated 2025 to 2028 version is in development.

### Startup and Innovation Support

The Philippines continues to scale its startup ecosystem and promote tech-driven growth.

- The Philippine Startup Development Program includes ₱1 billion in funding from 2024 to 2026 for incubation, mentorship, and early-stage investment.
- Programmes like the National AI Roadmap and the Digital Startup Development Program guide long-term technology planning.
- Agencies such as DOST, DICT, and DTI provide grants for intellectual property, R&D, and digital skills development.

### Green Growth and Clean Energy Incentives

The government promotes sustainability through renewable energy liberalisation and green manufacturing support.

- Full foreign ownership is now permitted in solar, wind, hydro, and ocean energy projects.
- The Green Energy Auction Programme has awarded thousands of megawatts in renewable capacity through competitive bidding.
- Fiscal incentives are available for electric vehicle infrastructure, battery storage, and low-carbon manufacturing under the SIPP.

## Government Initiatives and Incentives

### **Ease of Doing Business and Market Liberalisation**

Regulatory reforms continue to reduce red tape and expand access for foreign firms.

- The Central Business Portal allows companies to register within seven working days through a unified online platform.
- The amended Retail Trade Liberalisation Act lowers the minimum capital requirement for foreign retailers to ₱25 million.
- The amended Public Service Act opens up key sectors such as telecoms and transport to full foreign ownership, subject to reciprocity rules.
- Under the Ease of Doing Business Act, local government units must process simple permits within three working days. Delays may trigger automatic approval.



# Emerging Trends and Business-Friendly Regions

## Digital Transformation and AI Adoption

- A strong public-private drive is accelerating digitalisation across sectors such as finance, logistics, retail, and healthtech.
- Backed by the National AI Roadmap 2023–2030 and the eGov PH Super App, which has enabled over 150 million transactions by 13 million+ users.
- The digital economy is projected to reach USD 35–40 billion by 2025, led by e-commerce and fintech.

## Green Energy and Sustainability

- Clean energy is attracting rapid investment as the country builds climate resilience and energy independence.
- GEAP-3 awarded 6,677 MW of renewable energy capacity in early 2025, with 79% coming from solar and wind.
- 100% foreign ownership is now permitted in solar, wind, and hydro projects, following key regulatory reforms.

## Healthcare and Biotech

- Rising demand for private healthcare and diagnostics is supporting digital health adoption and medical manufacturing.
- The digital health market is expected to reach USD 972 million in 2025.
- New health economic zones were approved in Batangas and Clark between 2024 and 2025, drawing private sector investment.

## E-Commerce and Digital Retail

- With a median age under 26 and high connectivity, the Philippines is one of Southeast Asia's most promising consumer markets.
- Internet penetration stands at 83.8%, with widespread mobile usage driving online trade.
- The country is a significant market for TikTok Shop in Southeast Asia and ranks among the top 10 globally in TikTok user base.

# Emerging Trends and Business-Friendly Regions

## Supply Chain Diversification and Smart Logistics

- Businesses are shifting towards decentralised, tech-enabled logistics to enhance resilience and efficiency.
- Ongoing development of a PHP 4.135 billion multimodal logistics and transport hub in Subic is enhancing regional connectivity.
- UPS began construction of its Clark logistics hub in February 2025, targeting operations by late 2026. FedEx has signed an expansion agreement, with further timelines pending.

## Business-Friendly Districts and Zones

### Metro Manila

- The country's financial and innovation capital, home to major BPOs, fintechs, and venture capital firms.
- Supported by co-working spaces, 73 MW of new data centre capacity (2024-H1 2025), and growing startup ecosystems.
- Recorded PHP 12 billion in VC deals to date in 2025.



# Emerging Trends and Business-Friendly Regions

## Clark and Subic

- Emerging smart-city corridors with green infrastructure, logistics parks, and export zones.
- Clark Aero-Park Phase 1 completed in March 2025.
- Lufthansa Technik's facility expansion is underway, reinforcing the area's role in advanced manufacturing and aerospace.

## Cebu and Iloilo

- Thriving hubs for IT-BPM, digital services, and the creative economy.
- Cebu leads with strong infrastructure and is a logistics and tourism gateway.
- Iloilo is positioning itself as an emerging satellite hub, supported by growing IT-BPM talent and academic institutions.



## Emerging Trends and Business-Friendly Regions

### Davao and General Santos

- Key centres for agribusiness, logistics, and renewable energy growth in Mindanao.
- General Santos remains strong in fisheries, while Davao is advancing in e-commerce and tech.
- Infrastructure improvements and local incentives are supporting inclusive development.

### CALABARZON (Batangas, Cavite, Laguna)

- A major industrial corridor for electronics, semiconductors, and automotive supply chains.
- Connected by expressways and seaports, the region hosts over 30 PEZA and BOI-registered industrial estates.
- The Batangas Container Terminal has a handling capacity of 300,000–450,000 TEUs annually, supported by recent equipment and infrastructure upgrades.



Quick Insights: Only around 2,000 are inhabited. The Philippines has one of the longest coastlines in the world, offering untapped potential for logistics, aquaculture, and tourism.



# Resources



# Official Government Websites and Investment Agencies

- **Department of Trade and Industry (DTI)**
  - The primary agency for trade and investment policy, market regulation, and MSME development. Offers comprehensive resources on export procedures, trade agreements, and industrial zoning.
  - Website: [www.dti.gov.ph](http://www.dti.gov.ph)
- **Board of Investments (BOI)**
  - Leads investment promotion under the Strategic Investment Priority Plan (SIPP). Provides detailed guidance on fiscal incentives, project registration, and priority sectors.
  - Website: [www.boi.gov.ph](http://www.boi.gov.ph)
- **Philippine Economic Zone Authority (PEZA)**
  - Regulates and promotes special economic zones for export-orientated industries such as IT-BPM, manufacturing, and logistics. Includes tools for investor registration, incentives, and zone locators.
  - Website: [www.peza.gov.ph](http://www.peza.gov.ph)
- **Philippine Business Hub (Central Business Portal)**
  - A centralised online portal for registering businesses, securing permits, and accessing key government services for enterprises.
  - Website: [www.business.gov.ph/home](http://www.business.gov.ph/home)
- **Fiscal Incentives Review Board (FIRB)**
  - Approves and monitors fiscal incentives for major investment projects (₱15 billion and above). A critical reference for understanding tiered incentives under CREATE and subsequent reforms.
  - Website: [www.firb.gov.ph](http://www.firb.gov.ph)

# Industry Associations and Chambers of Commerce

- **Philippine Chamber of Commerce and Industry (PCCI):** The country's largest and most influential business organisation, representing enterprises across all major sectors. Provides advocacy, trade facilitation, and networking platforms for both local and international businesses.
  - Website: <https://www.philippinechamber.com>
- **IT and Business Process Association of the Philippines (IBPAP):** The official industry association for the IT-BPM sector. Offers talent development programmes, industry insights, and support for foreign investors in outsourcing and digital services.
  - Website: <https://www.ibpap.org>
- **Semiconductor and Electronics Industries in the Philippines, Inc. (SEIPI):** Represents the electronics and semiconductor industry, the country's top export sector. Focuses on R&D, industry roadmaps, and partnerships for global competitiveness.
  - Website: <https://www.seipi.org.ph>
- **Philippine Exporters Confederation, Inc. (PHILEXPORT):** An umbrella organisation for all exporting sectors, providing trade updates, export assistance, and policy engagement. Key partner for companies exploring overseas markets.
  - Website: <https://www.philexport.ph>
- **American Chamber of Commerce of the Philippines (AmCham):** Supports US-affiliated businesses operating in the Philippines. Offers policy advocacy, business briefings, and platforms for cross-border investment and expansion.
  - Website: <https://www.amchamphilippines.com>

## Eos's Service Offerings in Philippines

Eos Global Expansion supports businesses entering and operating in the Philippines by delivering compliant, flexible workforce solutions. Whether you are testing the market or scaling your team, Eos helps you onboard talent, manage local compliance, and navigate the regulatory landscape with confidence.

Our services include:

- **Local Payroll & HR Administration**

Processing compliant payroll in PHP, including SSS, PhilHealth, Pag-IBIG, and BIR contributions, while maintaining accurate HR records for locally hired employees.

- **Contractor Engagement & Payments**

Onboarding and paying independent contractors in the Philippines with compliant agreements, on-time local disbursements, and optional tax and invoicing support.

- **Entity Setup & Local Employment Advisory**

Guiding companies through the process of registering a local entity, including post-incorporation steps, statutory compliance, and employment advisory for hiring staff directly.

- **Visa Planning & Regulatory Support**

Providing guidance on visa and work permit options (such as the 9(g) Work Visa), eligibility requirements, and alternatives for short- or long-term employment needs.

- **Regional Payroll & Consolidated Reporting**

Managing payroll and HR compliance across multiple ASEAN markets through a single point of contact, streamlining reporting, and reducing administrative burden.

- **Ad Hoc Market Support**

Offering insights on local labour laws, business incentives (e.g., PEZA or BOI), contractor-to-employee transitions, and operational setup in key business districts like Metro Manila, Clark, and Cebu.

### **Partner with EOS for Success in the Philippines**

The Philippines offers a dynamic, English-speaking talent pool and strategic access to Southeast Asia. With evolving tax incentives and compliance requirements, having the right partner on the ground is key. [Eos Global Expansion](#) ensures your operations remain compliant, agile, and ready to scale. [Get in touch](#) to discover how Eos can support your growth journey in the Philippines.



# Expert Tips



# Overcoming Common Challenges

## **Navigating Bureaucracy**

National registration is streamlined via the Philippine Business Hub. LGUs may require extra permits, which must be processed within three working days under RA 11032. Delays may result in automatic approval, though actual timelines vary. Local advisors help prevent setbacks.

## **Hiring Foreign Talent**

Foreign hires need an Alien Employment Permit (AEP) and 9(g) work visa. AEPs take 15 working days and require 30-day job postings under labour market and economic needs tests. Begin applications 60 to 75 days before the start date.

## **Labour and Tax Compliance**

Mandatory benefits include SSS, PhilHealth, Pag-IBIG, and 13th-month pay. This vests after one month and must be paid by 24 December. Employers must issue payslips, file quarterly taxes, and submit annual payroll reports.

## **Regional Cost Considerations**

Wages vary by region. In July 2025, Metro Manila's daily wage is PHP 695; Cebu, Davao, and Iloilo range from PHP 501 to PHP 513. Clark and Iloilo offer cost advantages with strong talent and infrastructure.

## **Engaging Contractors**

Labour-only contracting is banned. Valid contractors must have PHP 5 million paid-up capital, own tools, and supervise independently. A DOLE certificate is not enough. Use compliant contracts with defined scopes to avoid misclassification.



# Avoiding Potential Cultural Misunderstandings

## Communication Style

Filipinos are warm and indirect. They avoid direct refusals, so read between the lines. Clarifying politely is expected, especially during negotiations.

## Formality in Introductions

Use “Sir,” “Ma’am,” or professional titles in formal settings. First names are common only after permission. In start-ups and BPOs, younger staff may use first names once rapport is built, often still with “Sir” or “Ma’am.”

## Cultural and Religious Sensitivity

Most Filipinos are Catholic. Holy Week and Christmas affect business operations. Eid al-Fitr and Eid al-Adha are national holidays in Muslim areas. Ask about dietary needs when arranging meals.

## Social Norms in Public

Politeness is valued. Avoid raised voices or public frustration. A calm, respectful tone builds trust.

## Regional and Generational Differences

Customs vary by location. Rural areas may expect nods or *mano po*. Urban professionals tend to follow Western norms. Mirror your counterpart’s behaviour when unsure.



Quick Insights: Millions of overseas Filipino workers (OFWs) help drive the global economy. Many return to start businesses or invest locally, fueling growth in the SME and digital sectors.

### *Additional Tips*

#### **Keep Records Updated**

Report changes in address or ownership to the SEC, BIR (Form 1905 or ORUS), and LGU within 30 days to maintain compliance.

#### **Confirm Permit Requirements**

Industries like food, healthcare, education, and construction may need additional agency clearances. Check with the LGU's licensing office early.

#### **Register and Remit on Time**

PhilHealth contributions are 5 percent of salary, split evenly. Pag-IBIG requires up to 2 percent each, capped at ₱100 per party. SSS is 15 percent (10 percent employer, 5 percent employee). Monthly remittances are mandatory.

#### **Use Written Contracts**

Provide clear contracts for all workers. Define responsibilities, payment, and terms to meet DOLE rules and minimise legal risks.



# Thank You for Exploring Philippines!

We hope this guide helps you uncover Philippines's business potential and rich cultural landscape. Whatever your next step, we're here to support you.



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Ready to expand into Philippines?  
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experts and unlock tailored guidance for  
your Philippines expansion.