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2021:  
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# Introduction



Throughout the year, we have been keeping you up to date on noteworthy developments across the region with our Regional Round-up Publications. As we enter 2022, we are pleased to share with you our *2021 year-in-review of the Regional Round-up* for our Regional Offices in the Rajah & Tann Asia network.

In each jurisdiction, we recount the key milestones in the path that has been travelled in 2021, as well as consider the terrain of the road that lies ahead in 2022. In the "**Looking Back: 2021**" section, we take stock of the past year and highlight the key legal and regulatory developments affecting each jurisdiction in 2021. In the "**Gazing Into: 2022**" section, we look ahead to some key areas of development that you should take note of in the year to come, referencing the legal and business trends shaping up potential legislative and regulatory changes in each jurisdiction.

We hope that this year-in-review edition of the Regional Round-up provide some perspective and insight into the legal landscape of the jurisdictions across the region. As always, please feel free to contact our lawyers in our Regional Offices if you have any queries or for further discussions.

Please click on the links below to access the full collection of our country-specific *2021 year-in-review of the Regional Round-up*:

- [Cambodia](#)
- [China](#)
- [Indonesia](#)
- [Laos](#)
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## Looking Back: 2021

As the country continues to recover from the effects of the **COVID-19 pandemic**, the Philippine government focused on enacting laws and regulations that will facilitate the growth of the economy while balancing against the effects of the COVID-19 pandemic. These measures include: (i) **quarantine measures** to minimise the transmission of COVID-19; (ii) measures to facilitate **disclosures with government agencies**; (iii) measures to **facilitate doing business in the Philippines**; and (iv) rules and regulations for the **administration of COVID-19 vaccines**.



There have also been developments in the area of **corporation law** for more **transparent beneficial ownership** of shares of stock and more **efficient business registration**. The **Tax Code** was also amended to **reduce corporate income tax rates** in the Philippines.

Summaries of the key developments relating to the above areas are provided below.

### COVID-19 – COVID-19 Declared as a Compensable Disease

On 6 April 2021, the Employees' Compensation Commission of the Department of Labor and Employment ("**DOLE**") issued Board Resolution No. 21-04-14 which declared the inclusion of the COVID-19 virus as one of the listed occupational and work-related diseases. As a result, Filipino workers who contract the COVID-19 virus will receive compensation from the Government. An employee who has been infected by the COVID-19 virus will receive compensation of PhP 30,000, which is higher than the PhP 10,000 compensation generally awarded for work-related illness. Click [here](#) for more information.

### Employment & Benefits – Guidelines on the Administration of the COVID-19 Vaccine in Workplace

The DOLE released guidelines on the administration by employers in the private sector of the COVID-19 vaccine in workplaces. These were issued in relation to Republic Act No. 11525 or the COVID-19 Vaccination Program Act of 2021, which provides that private entities may procure COVID-19 vaccines only through a multi-party agreement with the Department of Health, the National Task Force Against COVID-19, and the relevant supplier of the COVID-19 vaccine. Click [here](#) for more information.

## **Employment & Benefits – Revised Rules and Regulations for the Issuance of Employment Permits to Foreign Nationals**

On 6 January 2021, DOLE released the new guidelines for the issuance of Alien Employment Permit ("AEP") and related certifications through Department Order No. 221-21 ("**Revised AEP Rules**"). The Revised AEP Rules provide new guidelines for filing dates, processing time, permit fees, penalties, documentary requirements, and employers' duties, among other things. The AEP is one of the permits that must be secured by foreign nationals to legally work in the Philippines. Click [here](#) for more information.

## **Corporate Commercial – SEC Issues Beneficial Ownership Transparency Guidelines**

On 29 January 2021, the Securities and Exchange Commission ("**SEC**") issued a memorandum order requiring all nominee directors, nominee trustees, nominee shareholders, incorporators/applicants for incorporation, and all concerned corporations subject to the supervision and jurisdiction of the SEC to disclose to the SEC their nominators and principals or persons on whose behalf they act as such nominees. The memorandum order took effect immediately after its publication in two (2) national newspapers of general circulation and its posting on the SEC's website. Click [here](#) for more information.

## **Corporate Commercial – Government Launches Central Business Portal to Modernise Business Registration Process**

On 28 January 2021, the Central Business Portal ("**CBP**") Phase 1 was launched by the Department of Information and Communications Technology ("**DICT**") and the Anti-Red Tape Authority ("**ARTA**"). The CBP is envisioned to be an online one-stop shop to access business-related information and transactions, such as securing business permits, licenses, and clearances. Under Republic Act No. 11032 or the Ease of Doing Business and Efficient Government Service Delivery Act of 2018, DICT was tasked with establishing, operating and maintaining a CBP for purposes of eliminating bureaucratic red tape, averting graft and corruption, and promoting transparency in business transactions. Click [here](#) for more information (please refer to the sixth write-up).

## **Corporate Commercial – Quicker Processing and Issuance of National and Local Permits, Licences and Certifications**

On 23 December 2020, the Act Authorizing the President to Expedite the Processing and Issuance of National and Local Permits, Licences and Certifications in times of National Emergency, otherwise known as Republic Act No. 11517, was signed into law. The authorisation includes the power to accelerate and streamline regulatory processes for new and pending applications, including fixing or shortening the periods provided by law, and suspending or waiving requirements for the issuance of permits, licences and certifications. The President may also prescribe changes which have been introduced to be made permanent, in consultation or upon recommendation by the affected government agencies. Click [here](#) for more information on Republic Act No. 11517.

## **Tax – Major Revisions Made to the Tax Code to Provide Relief to Businesses and Boost Investments in the Philippines Especially for Knowledge-Based Industries**

On 26 March 2021, President Rodrigo R. Duterte signed Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises Act ("**CREATE**") into law. CREATE aims to provide fiscal relief and serve as a recovery measure for Filipino businesses which are still reeling from the impact of the COVID-19 pandemic. The law has reduced corporate income tax rates in the Philippines, which have been considered as one of the highest in the Association of Southeast Asian Nations region. Click [here](#) for more information.

## **Immigration – Bureau of Immigration Updates International Travel Guidelines**

All departing foreign nationals who are issued visas, except holders of tourist visas and Emigration Clearance Certificates from the Bureau of Immigration ("**BI**"), are required to secure a Travel Pass from the same agency which issued their visas (i.e., BI, Philippine Economic Zone Authority). This is a new change in response to the COVID-19 pandemic and took effect on 1 March 2021. Click [here](#) for more information.

## Gazing Into: 2022

Towards the end of 2021, the Philippine Congress passed an **Act amending the Retail Trade Liberalization Act**. The Act lowered the required paid-up capital for foreign retail enterprises to encourage foreign investors to engage in retail trade in the Philippines.

On 22 September 2021, the President signed into law an act imposing **taxes on Philippine Offshore Gaming Operations**. **Value-added tax** is now imposed on sales to offshore gaming licencees. A **gaming tax of 5% on services rendered by offshore gaming licencees** is also imposed.



In addition, the following key trends and/or developments in the following areas are to be noted:

- improvements in the monitoring of COVID-19 transmissions and vaccinations through the **Vaccine and Health Passport Program Act**;
- imposition of strict penalties on prohibited acts concerning the use of bank accounts, e-wallets, and other financial accounts through the **Bank Account, E-Wallet, and Other Financial Accounts Regulation Act**;
- allowing the **conduct of videoconferencing with respect to remote appearance from persons outside the Philippines**;
- amendments to and modernisation of the **Intellectual Property Law**; and
- adoption of global standards of **data privacy protection**.

Summaries of some of the 2021 developments leading to the trends highlighted above are provided below.

### Corporate Commercial – Act Amending the Retail Trade Liberalization Act

On 10 December 2021, the President signed into law Republic Act No. 11595 which amended Republic Act No. 8762 (the Retail Trade Liberalization Act) to lower the required paid-up capital for foreign retail enterprises from US\$2.5 million (approximately PhP127,865,000)<sup>1</sup> to US\$489,797 (approximately PhP25 million)<sup>2</sup>.

<sup>1</sup> Based on Bangko Sentral ng Pilipinas ("BSP") average conversion rate for January 2022 as of 13 January 2022, available on the BSP website [here](#) (last accessed on 13 January 2022).

<sup>2</sup> Based on BSP average conversion rate for January 2022 as of 13 January 2022, available on the BSP website [here](#) (last accessed on 13 January 2022).

### COVID-19 – Vaccine and Health Passport Program Act

Senate Bill No. 2422, filed on 29 September 2021, seeks to require local government units to issue a vaccine and health passport that will contain the basic information of the holder and the COVID-19 vaccine administered to him. The vaccine and health passport holder may be granted benefits or exemptions for non-essential domestic travel, and international travel, among others.

### Banking & Finance – Bank Account, E-wallet, and Other Financial Accounts Regulation Act

Senate Bill No. 2380, filed on 6 September 2021, seeks to impose strict penalties on prohibited acts such as being a *Money Mule*, and involvement in *Social Engineering Schemes* and *Economic Sabotage* using bank accounts and electronic wallets for unusual and suspicious financial activities.

A *Money Mule* refers to any person who electronically receives, acquires, and transfers or withdraws money, funds, or proceeds derived from suspicious activities, social engineering schemes or other crimes/offenses committed through the use of information and communications technology, on behalf of others, in exchange for commission or fee, and those who commit any of the following prohibited acts:

- Opening a bank or e-wallet account and using or allowing the use thereof, to receive and transfer or withdraw proceeds derived from a suspicious activity or cybercrime;
- Opening a bank or e-wallet account under a fictitious name or using the identity or identification documents of another to receive and transfer or withdraw proceeds derived from a suspicious activity or cybercrime;
- Buying or renting a bank or e-wallet account for the purpose of receiving and transferring or withdrawing proceeds derived from a suspicious activity or cybercrime;
- Selling a bank or e-wallet account for the purpose of receiving and transferring or withdrawing proceeds derived from a suspicious activity or cybercrime;
- Account takeover or using or borrowing a bank or e-wallet account for the purpose of receiving and

transferring or withdrawing proceeds derived from a suspicious activity or cybercrime; and

- Recruiting, enlisting, contracting, hiring or inducing any person to electronically obtain, receive, acquire, and transfer or withdraw money, funds, or proceeds derived from a suspicious activity or cybercrime. Recruitment of money mules when committed by a syndicate or in large scale shall be considered as an offense involving economic sabotage.

A *Social Engineering Scheme*, in the context of information security, refers to the use of deception to manipulate individuals into divulging sensitive identifying information that may be used to gain access to an individual's financial accounts, regardless of whether or not it will result in monetary loss to the account holder. This includes phishing and any of its variations such as, but not limited to, vishing, smishing, as well as other forms of deceptions.

Lastly, any offence defined in the Act shall be considered as an offence involving *Economic Sabotage* when any of the following circumstances is present: (i) the offence was committed by a syndicate; (ii) the offense was committed on a large scale; and (iii) the offense was committed by way of bulk email or mass mail.

Below is a table showing the penalties for breaching the law:

Prohibited act	Penalty
Money Mule	<ul style="list-style-type: none"> <li>• Prison term for a minimum of six months and a day to a maximum of six years; or</li> <li>• Fine of at least PhP100,000 but not exceeding PhP200,000; or</li> <li>• Both imprisonment and fine as set out above</li> </ul>
Social Engineering Scheme	<ul style="list-style-type: none"> <li>• Prison term for a minimum of six years and one day to a maximum of 12 years; or</li> <li>• Fine of at least PhP200,000 but not exceeding PhP500,000; or</li> <li>• Both imprisonment and fine as set out above</li> </ul>
Economic Sabotage	<ul style="list-style-type: none"> <li>• Life imprisonment and a fine of not less than PhP one million but not more than PhP five million</li> </ul>

## Dispute Resolution – Guidelines on Remote Appearance via Videoconferencing

On 9 December 2020, the Supreme Court approved the Guidelines on the Conduct of Videoconferencing, which allow litigants and witnesses (such as Overseas Filipino Workers, Filipinos residing abroad or temporarily outside the Philippines, and non-resident foreign nationals) who would like to participate or testify through videoconferencing to do so from an embassy or consulate of the Philippines.

On 1 February 2021, the Supreme Court suspended the conduct of remote appearances from abroad upon the request of the Secretary of Foreign Affairs, pending the Department of Foreign Affairs' formulation of its guidelines and setup for videoconference hearings until 30 June 2021.

Considering that the moratoriums have lapsed and no further extension was granted by the Supreme Court, motions for videoconferencing filed by litigants intending to appear from Philippine embassies or consulates may now be acted upon by the courts, provided that *"the concerned embassy or consulate of the Philippines has allowed the use of its facilities for videoconferencing"* and that the videoconferencing hearings must be scheduled during the working hours of the Philippine courts, with proper coordination with the concerned embassy or consulate, at the expense of the moving party, if any.

## Intellectual Property – Amendment and Modernisation of Intellectual Property Law

The Intellectual Property Office of the Philippines ("IPOP") issued Memorandum Circular 2020-049 or the Revised Rules of Procedure on Administrative Enforcement of Intellectual Property Rights ("**Revised Rules**") which came into effect on 3 March 2021. The Revised Rules expand the power of the Intellectual Property Rights Enforcement Office in curbing online counterfeiting and piracy. Click [here](#) for more information.

The House of Representatives Committee on Trade and Industry created a technical working group ("**TWG**") to consolidate House Bills Nos. 8062, 1597 and 8620 which all aim to modernise the Intellectual Property Code in accordance with global trends and international standards. The TWG agreed to use House Bill No. 8620 as its working draft which reflects the identified "priority

amendment-proposals" which IPOP requested the Congress to focus on. Click [here](#) for more information.

On 5 May 2021, IPOP signed a Memorandum of Understanding ("**MOU**") with the United States Patent and Trademark Office, renewing the two countries' partnership and strengthening cooperation in intellectual property ("**IP**") protection and enforcement. The MOU covers different areas of cooperation such as: (i) training and capacity building for office administration and human resource development; (ii) awareness-initiatives on the importance of IP in innovation and economic growth; and (iii) information-sharing on IP-related, non-confidential matters and best practices. Click [here](#) for more information.

## Cybersecurity / Data Protection – Adoption of Global Standards in the Promotion of Data Privacy Protection

In response to the initiatives of the financial services industry on cybersecurity that aim to thwart fraud incidents and uphold customers' confidence in digital payments systems, the National Privacy Commission ("**NPC**") issued Advisory Opinion 2021-26 to guide personal information controllers in protecting the privacy of shared databases through strict adherence to the basic data privacy principles of transparency, legitimate purpose, proportionality, and the conduct of privacy impact assessments. Click [here](#) for more information.

With the approval in January 2021 at the 1st ASEAN Digital Ministers' Meeting of the ASEAN Model Contractual Clauses ("**MCCs**") and ASEAN Data Management Framework ("**DMF**"), and in line with its mandate, NPC issued Advisory Opinion 2021-02 on 28 June 2021 as its first guidance on the adoption of MCCs and DMF which harmonise data management and cross-border transfer standards across different jurisdictions. Click [here](#) for more information.



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