

If you've decided to expand to the Philippines, congratulations! It's an exciting time in the life of your company, but this time also comes with some important responsibilities. You have to learn and understand all of the Philippines' subsidiary laws and determine how to set up a Philippines subsidiary while staying compliant. The process can take months before you're even ready to hire employees.

Globalization Partners can change how you operate in the Philippines through our Employer of Record model. This form of Philippines subsidiary outsourcing will allow you to get started immediately, as we can hire employees on your behalf, handle payroll, and ensure that you're always in compliance.

## **How to Set up a Subsidiary in the Philippines**

Before you start the Philippines subsidiary setup process, you need to consider certain factors that could impact where you base your business and what type of entity you choose to incorporate.

First, think about the type of business you operate and within what industry, any existing trade agreements or relationships you want to honor, and the nationality of your employees. Then, consider local practices that could make a difference in how your company operates. You should analyze everything from the English level to the importance of group membership before making a decision on where to incorporate.

You have different options for what type of entity you choose to incorporate as — a corporation, branch office, regional headquarters/regional operating headquarters (RHQ/ROHQ), or foreign partnership. The process to set up a subsidiary changes depending on what type of structure you choose. To incorporate as a corporation in the Philippines, you must:

- Verify and reserve your company name with the Securities and Exchange Commission (SEC)
- Deposit your paid-in minimum capital at the bank
- Notarize your treasurer's affidavit and articles of incorporation at the notary

- Get your pre-registered Taxpayer Identification Number (TIN) after registering your company with the SEC
- Get your barangay clearance
- Go to the City Treasurer's Office (CTO) to get your community tax certificate (CTC) and pay your annual community tax
- Obtain a business permit to operate from the BPLO
- Buy special books of account at a bookstore in the Philippines
- And much more

The entire process typically takes 29 days and costs about PHP 7,630. If you choose to set up this type of Philippines subsidiary, you should budget the time and money necessary to complete the process.

## **Philippines Subsidiary Laws**

Philippines subsidiary laws tend to be complex and vary based on what type of entity you choose. For a corporation, a foreign investor can establish a wholly owned domestic corporation in the country. However, the foreign investor needs to set up a domestic corporation with a qualified joint venture partner from the Philippines if the company's activity is subject to foreign equity limitations.

If you choose to set up a subsidiary alone instead of opting for Philippines subsidiary outsourcing services, you should hire a lawyer or consultant who understands the country's laws. You can also train an employee to learn the regulations from front to back, but it will take away from that employee's typical work.

## **Benefits of Utilizing a Subsidiary**

The benefits of establishing a subsidiary are clear — you can start working in a new country. However, this process is lengthy and can take even longer if you're not clear on the Philippines' subsidiary laws. Globalization Partners can make the process easier through Philippines subsidiary outsourcing.

As a global PEO, we ensure that you won't have to establish a subsidiary when you work with us. We'll help you hire top talent, run payroll, and source the best benefits for your company. Our biggest goal is to take the stress of an expansion off of you so that you can instead focus on running your company.

### **What Do You Need for the Philippines Subsidiary Setup Process?**

You'll need to budget a significant amount of time and money to fully complete the subsidiary setup process. Try to set aside the time to fly back and forth to the Philippines to file paperwork, sign documents, and hire employees. You should also work with your finance team to prepare for the financial implications of expanding and make sure you have all the money ready to set up your Philippines subsidiary.

### **Outsource With Globalization Partners**

If you're ready to open a subsidiary in the Philippines, choose Philippines subsidiary outsourcing with Globalization Partners. Contact us today to learn more.