Republic Act 8762, otherwise known as the Retail Trade Liberalization Act, is a law that intends to promote both Filipino and foreign investors to forge efficient and competitive retail trade in the interest of empowering the Filipino consumer through lower prices, higher quality goods, better services and wider choices.

Retail Trade is the act, occupation or calling of habitually selling direct to the general public merchandise, commodities or goods for consumption.

Under Section 4 of the said law, 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.

In addition, the following are sales that are not considered as retail:

1. Sales by a manufacturer, processor, laborer or worker, to the general public of products manufactured, processed or produced by him if his capital does not exceed One Hundred Thousand Pesos (P100,000);

2. Sales by a farmer or agriculturist selling the products of his farm, regardless of capital;

3. Sales arising from 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;

4. Sales through a single outlet owned by a manufacturer of products manufactured, processed or assembled in the Philippines, irrespective of capitalization;

5. Sales to industrial and commercial users or consumers who use the products bought by them to render service to the general public and/or produce or manufacture of goods which are in turn sold by them; or

6. Sales to the government and/or its agencies and government-owned and controlled corporations.

For foreign retailers, the qualifications to engage in retailing are the following:

A request for pre-qualification duly signed and acknowledged under oath by an authorized officer of the foreign retailer must be submitted to the Board of Investments accompanied by the following documents:

1. Latest audited annual financial statements incorporating an income statement and a balance sheet or their equivalents
   a. For Category B – minimum of US$200M net worth
   b. For Category D – minimum of US$50M net worth

2. Certification by a responsible officer of the applicant-foreign retailer duly authenticated by the Philippine Embassy/Consulate stating that:
i. it has been engaged in retailing for the past five years;
ii. has at least five (5) retailing branches anywhere in the world, or at least one branch is capitalized at a minimum of Twenty-five million US dollars (US$25,000,000.00);
iii. copies of franchise or licensing agreements between the applicant and its franchisee/licensee if the applicant fails to meet the preceding requirement of at least five (5) retailing branches; and

3. Certification by the proper official of the home state of the applicant-foreign retailer to the effect that the laws of such state allows or permits reciprocal rights to the Philippine citizens and enterprises together with the extent of participation allowed.

Foreign equity requirement:

Category B – Enterprises with a minimum paid-up capital of Two million five hundred thousand US dollars (US$2,500,000.00)

The opening of branches by a foreign retailer is allowed, provided that the investments of each store/branch established under Category B must be no less that the peso equivalent of $830,000.00

Category D – Enterprises specializing in high-end or luxury products with a paid-up capital of Two hundred fifty thousand US dollars (US$250,000.00) per store may be wholly owned by foreigners.

For more information on Retail Trade Liberalization, please contact:

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