NATIONAL ADMINISTRATIVE REGISTER · 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...

SEC MEMORANDUM CIRCULAR NO. 1, March 23, 1999

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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

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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

- Sworn Statement

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

- Summary of all remittances supported by bank certificates.

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

SECTION II- Foreign Corporations (Branch, Representative Offices) - This circular extends to requirements identified in Sec. 126 of the New Corporation Code and Book fl Chapter Ml Art. 49 of the Omnibus Investments Code of 1987.

- Deposit of Securities with an actual market value of at least P100,000.00 -within sixty (60) days from issuance of the Certificate of Registration.

- Within six (6) months after each fiscal year of the licensee.

- Deposit additional securities equivalent in actual market value to 2 percent of the amount by which the licensee's gross income for that fiscal year exceeds P5 million.

- If the actual market value of the deposit securities decreased by at least 10 percent of the actual market value at

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the time of the deposit the licensee shall submit additional securities.

- Annual Report/Financial Statement -120 days after the end of the fiscal year of licensee.

- Submit copy of the merger/consolidation within sixty (60) days after the event.

- General Information Sheet - within 30 days from anniversary date of registration.

- Notice of change of resident agent, exact address, transfer of opening of new office, not later than ten (10) days after change is effected.

- Notice of intention to stop doing business in the Philippines - at least six (6) months advance notice in writing of such intention.,

B. Amount of Compromise Penalty shall be as follows:

- Initial Investment Requirement - within sixty (60) days after issuance of license - P5.000.00

- Failure to Update Investment - P5,000.00

- Failure to submit copy of merger/consolidation – Basic Fine of P1,000.00.

- Non/Late filing of Financial Statements./Annual Report- P500.00/year but not to exceed P5.000.00

- Non-Late Filing of General Information Sheet- P500.00/ year but not to exceed P5.000.00.

- Failure to give notice of change - P2.000.00 for each violation.

- Resident agents

- Address of new office

- Failure to give notice to stop doing business - Basic Fine of P2,000.00 .

- Documents to be submitted to avail of the Compromise penalty -

- Sworn Statement

- Updated Genera! Information Sheet of 1998 or 1999 (when due)

- Annual Report/Financial Statement for 1998 or 1999 (when due)

- Supporting documents to Investments Requirement.

SECTION III. Exempted from Payment of Penalties -All regional headquarters/foreign corporations (branch, representative offices) with approved state of dormancy provided that the exemption shall apply only to the years covered by the approval.

SECTION IV. Effect-of Failure to Avail of the Compromise Penalty - All regional headquarters/foreign corporations (branch, represenative office) which shall fail to avail of the aforecited compromise penalties shall be subject to the exsiting Scale of Fines or Revocation of their Certificate of Registration whenever applicable.

SECTION V. Effectivity –This Circular shall take effect immediately.

Adopted: 11 Mar, 1999

(SGD.) PERFECTO R.YASAY, JR.
Chairman

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