

PRESCRIBING INCENTIVES FOR THE ESTABLISHMENT OF REGIONAL OR AREA HEADQUARTERS OF MULTINATIONAL COMPANIES IN THE PHILIPPINES.

PRESIDENTIAL DECREE NO. 218, June 16, 1973

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/edb5d58c4f43/>

WHEREAS, it would be desirable to make of the Philippines the business and financial capital of Southeast Asia, thereby hastening the economic and social development of the Philippines, which objective can be accomplished by attracting the regional or area headquarters of multinational companies to base their offices in the Philippines;

WHEREAS, the said headquarters do not earn or derive any income from the host country and all their expenses are financed by their head offices or parent companies; and

WHEREAS, the attainment of the aforesaid goal will mean additional foreign exchange receipts to the Philippines, a boost to air travel, new construction and real estate development, new job opportunities, increase in local tourism and potential investors;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines, and pursuant to Proclamation No. 1081, dated September 21, 1972, and General Order No. 1, dated September 22, 1972, as amended, do hereby order and decree as follows:

SECTION 1. Foreign personnel of regional or area headquarters of multinational companies, their respective spouses, and unmarried children under twenty-one years of age if accompanying them or if following to join them after their admission into the Philippines as non-immigrant shall be issued a multiple entry special visa, valid for a period of one year to enter the Philippines: Provided, That a responsible officer of the applicant company submits a certificate to the effect that the person who seeks entry into the Philippines is an executive of the applicant company and will work exclusively for applicant's regional or area headquarters which is duly licensed to operate in the Philippines; and that he will receive a salary and will be paid by the headquarters in the Philippines an amount equivalent to at least twelve thousand United States dollars, or its equivalent in other foreign currencies, per annum.

The admission and stay shall be co-terminus with the validity of the multiple entry special visa. The stay, however, is extendible yearly upon submission to the Commission on Immigration and Deportation of a sworn certification by a responsible officer of the regional or area headquarters: that its license to operate remains valid and subsisting; that he has been paid in the Philippines from the date of original admission, the equivalent of at least one thousand United States dollars per month, or its equivalent in other foreign currencies; and that the regional or area headquarters has withheld the tax due on said compensation and the same has been paid to the Bureau of Internal Revenue.

Non-immigrants who have been admitted under the multiple entry special visa, as well as their respective spouses and dependents, shall be exempt from: the payment of all fees due under the immigration and alien registration laws; securing alien certificates of registration; and obtaining emigration clearance certificates, and all types of

clearances required by any government department or agency, except that upon final departure from the Philippines the employer of the said non-immigrants shall so advise in writing the Commission on Immigration and Deportation at least five (5) working days prior to the non-immigrant's departure, and the finally departing non-immigrant employee shall be required to submit to the said office a tax clearance from the Bureau of Internal Revenue.

SEC. 2. Section 22 of Commonwealth Act Numbered 466, as amended, is hereby amended to include an additional Subsection (c) to read as follows:

"(c) Aliens employed by regional or area headquarters or multinational corporations. There shall be levied, collected and paid for each taxable year upon the gross income received by every alien individual employed by regional or area headquarters established in the Philippines by multinational corporations as salaries, wages, annuities, compensations, remunerations and emoluments from such regional or area headquarters a tax equal to fifteen per centum of such gross income."

SEC. 3. Section 24(b) (1) of Commonwealth Act Numbered 466, as amended, is hereby amended to include an additional proviso to read as follows:

"(b) Tax on foreign corporations. (1) Non-resident corporations.

"Provided, finally, That regional or area headquarters established in the Philippines by multinational corporations and which, headquarters do not earn or derive income from the Philippines and which act as supervisory, communications and coordinating centers for their affiliates, subsidiaries or branches in the Asia-Pacific Region shall not be subject to tax."

SEC. 4. In the case of aliens employed by regional or area headquarters established in the Philippines by multinational corporations, there shall be deducted and withheld at the source in the same manner and conditions as that provided under Supplement A — Withholding on Wages of Commonwealth Act No. 466, as amended, on the gross salaries, wages, annuities, compensations, remunerations and emoluments from such regional headquarters a tax equal to fifteen per centum of the gross thereof.

SEC. 5. Section 191 of Commonwealth Act Numbered 466, as amended, is hereby amended as follows:

"SEC. 191. Contractors, proprietors or operators of dockyards and others. — A contractor's tax of three per centum of the gross receipts is hereby imposed on the following:

X X X

"The term 'independent contractor' shall not include regional or area headquarters established in the Philippines by multinational corporations, including their alien executives, and which headquarters do not earn or derive income from the Philippines and which act as supervisory, communications and coordinating centers for their affiliates, subsidiaries or branches in the Asia-Pacific Region."

SEC. 6. The alien executives of the regional or area headquarters of multinational companies shall enjoy the privileges extended to foreigners coming to settle in the Philippines for the first time as provided for under Section 105(h) of the Tariff and Customs Code, as amended.

SEC. 7. The regional or area headquarters of multinational companies shall be exempt from all forms of local licenses, fees, dues, imposts, or any other local taxes or burdens.

SEC. 8. Any foreign business entity formed, organized or existing under any laws other than those of the Philippines whose purpose, as expressed in its organizational documents or by resolution of its Board of Directors or its equivalent, is to supervise, superintend, inspect or coordinate its own affiliates, subsidiaries or branches in

the Asia-Pacific Region may establish a regional or area headquarters in the Philippines, after securing a license therefor from the Securities and Exchange Commission, upon the Favorable recommendation of the Secretary of Trade.

The Securities and Exchange Commission shall, within thirty (30) days from the effectivity of this Decree, issue the implementing rules and regulations. The following minimum requirements shall, however, be complied; with by the said foreign entity:

- A certification from the Philippine Commercial Attache or in the absence of such an official, a Philippine Consul in the foreign firm's home country that said foreign firm is an entity engaged in international trade with affiliates, subsidiaries, or branch offices in the Asia-Pacific Region.

- A certification from a principal officer of the foreign entity to the effect that the said foreign entity has been authorized by its board of directors or governing body to establish its regional headquarters in the Philippines, specifying that:

- (1) The activities of the regional headquarters shall be limited to acting as a supervisory, communications and coordinating center for its affiliates subsidiaries and branches of the region;

- (2) The headquarters will not derive any income from sources within the Philippines and will not participate in any manner in the management of any subsidiary or branch office it might have in the Philippines;

- An undertaking that the multinational company will remit into the country such amount as may be necessary to cover its operations in the Philippines but which amount will not be less than fifty thousand United States dollars or its equivalent in other foreign currencies annually. Within thirty (30) days from receipt of Certificate of Registration from the Securities and Exchange Commission the multinational company will submit to the Securities and Exchange Commission, the certificate of inward remittance from a local bank showing that it has remitted to the Philippines the amount of at least thirty thousand United States dollars or its equivalent in other foreign currencies and converted the same to Philippine currency. Annually, within thirty days from the anniversary date of the multinational company's registration as a regional or area headquarters with the Securities and Exchange Commission, it will submit proof to the Securities and Exchange Commission of inward remittance amounting to at least fifty thousand United States dollars or its equivalent in other foreign currencies during the past year.

- Any willful violation by the regional or area headquarters of a multinational company of any of the provisions of this Decree, or its implementing rules and regulations, or other terms and conditions of its registration, or any provision of existing laws shall constitute a sufficient cause for the cancellation of its license or registration.

SEC. 9. The regional or area headquarters of multinational companies shall be exempt from the provisions of Republic Act No. 5455.

SEC. 10. Any provision of existing general or special laws inconsistent with the provisions of this Decree shall be considered modified, amended, or repealed accordingly.

SEC. 11. This Decree shall take effect immediately.

Done in the City of Manila, this 16th day of June, in the year of Our Lord, nineteen hundred and seventy-three.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ROBERTO V. REYES

Assistant Executive Secretary

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.