



REPUBLIC OF THE PHILIPPINES

**Joint Memorandum Circular No. 01, Series of 2010
06 August 2010**

TO: THE REGIONAL AND PROVINCIAL DIRECTORS OF THE DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT (DILG) AND THE DEPARTMENT OF TRADE AND INDUSTRY (DTI), THE BUREAU OF FIRE PROTECTION (BFP) AND MEMBERS OF THE SANGGUNIANG PANGLUNGSOD AND SANGGUNIANG BAYAN

SUBJECT: GUIDELINES IN IMPLEMENTING THE STANDARDS IN PROCESSING BUSINESS PERMITS AND LICENSES IN ALL CITIES AND MUNICIPALITIES

1.0 Purpose

- 1.1 To disseminate the service standards in processing business permits and licenses which cities and municipalities are enjoined to follow;
- 1.2 To provide the guidelines for streamlining the business permits and licensing systems (BPLS) in cities and municipalities in accordance with the service standards which the national government is setting consistent with Republic Act No. 9485, otherwise known as the Anti-Red Tape Act of 2007 (ARTA);
- 1.3 To clarify the roles and responsibilities of the Department of the Interior and Local Government (DILG), the Department of Trade and Industry (DTI), and the various cities and municipalities in the country in ensuring the implementation of the BPLS standards.

2.0 Statement of Policies

- 2.1 The government recognizes the importance of improving the country's growth potential through enhancing its competitiveness at the national and local levels. This can only be achieved through reforms that reduce the cost of doing business in the country and address the other policy issues that discourage international and local investors.
- 2.2 Pursuant to Republic Act No. 9485, all government instrumentalities and local government units are mandated to provide efficient delivery of services to the public by reducing bureaucratic red tape and preventing graft and corruption, and providing penalties thereof. The ARTA, which provides the legal basis for re-engineering current business processing systems at the local level, sets benchmarks for processing simple and complex transactions which should be applied to BPLS nationwide.
- 2.3 The DILG and the DTI, as Conveners of the Working Group on Decentralization and Local Government and the Working Group on Growth and Investment Climate, respectively, under the Philippine Development Forum (PDF) agreed to jointly undertake the

nationwide streamlining of BPLS. Both agencies will conduct the necessary capacity building programs to enable LGUs to comply with the BPLS standards, coordinate with other government agencies involved in the BPLS to similarly streamline operations and assist in generating resources for the BPLS streamlining project.

3.0 Definition of Terms

- 3.1 Action – refers to the written acknowledgement of receipt, approval or disapproval made by a government agency or office on the application or request submitted by the client for processing.
- 3.2 Business One-Stop-Shop (BOSS) – refers to an arrangement where a single common site or location is designated for all concerned agencies in the BPLS system to receive and process applications for business registration thru a streamlined system.
- 3.3 Business Permit – is a document that must be secured from the city or municipal business permits and licensing office for the business to legally operate in the locally.
- 3.4 Business Registration – is a set of regulatory requirements an entrepreneur must comply with to set-up a business entity including, but not limited, to the collection or preparation of a number of documentation, the notarization and/ or verification thereof, submission to various national and local government authorities, approval of application submitted, and receipt of a formal certificate or multiple certificates, licenses, permits, and the likes which confirm the eligibility to operate as a legitimate business entity.
- 3.5 Frontline Service – refers to the process or transaction between clients and government offices or agencies involving applications for any privilege, right, permit, reward, license, concession, or for any modification, renewal or extension of the enumerated applications and/or requests which are acted upon (action) in the ordinary course of business of the agency or office concerned.
- 3.6 Joint Inspection Team (JIT) – is composite team whose members come from the various LGU agencies implementing business-related regulations created and authorized by the LGU through an Executive Order or Ordinance to conduct joint inspection of business enterprises instead of individual inspections.
- 3.7 Priority LGUs – refer to cities and municipalities included in the government program for the nationwide streamlining of business permits and licensing system (BPLS) which will be closely monitored and provided with assistance in terms of capacity building, among others.
- 3.8 Signatories – refer to the final approving authority or authorities whose signatures are affixed to a business permit or mayor's permit to make the document legal and binding in the eyes of the law.
- 3.9 Steps – refer to an action or actions that applicants and/or government agencies undertake as part of the process of applying for and/or processing business permits and licenses.

3.10 Processing Time – refers to the time spent by an applicant from to receipt of the business permit by the LGU consisting of transaction time, waiting time and travel time within the site provided by an LGU for business registration.

3.11 Unified Form – is a single common document issued by an LGU to a business applying for registration that contains the information and approvals needed to complete the registration process and facilitates exchange of information among LGUs and National Government Agencies.

4.0 BPLS Reform Standards

All cities and municipalities are enjoined to follow the following standards in processing business permits and licenses:

4.1 **Unified Form.** All cities and municipalities shall use a single unified form in processing new applications for business permits and business renewals (Annex 1). The unified form consolidates all the information about a business registrant needed by various local and national agencies. The adoption of the unified form is anticipated to contribute to reduction of steps and time in applying for business permits.

4.2 Standard Steps

4.2.1 All cities and municipalities shall ensure that applicants for business registration shall follow five (5) steps in applying for new business permits or for business renewals:

- (1) Securing an application form from the city or municipality;
- (2) Filing or submission of the accomplished application form with attached documentary requirements;
- (3) One-time assessment of taxes, fees and charges;
- (4) One-time payment of taxes, fees and charges;
- (5) Securing the Mayor's Permit upon submission of Official Receipt as proof of payment of taxes, fees, and charges imposed by the LGU.

Annexes 2 and 3 illustrate the standard steps which applicants shall follow in securing the Mayor's Permit for new business applications and business renewals.

4.2.2. Compliance with the above standard steps will require the following:

(1) Inspections usually undertaken for compliance with zoning and environment ordinances, building and fire safety, health and sanitation regulations undertaken during the construction stage shall not be conducted again by the LGU as part of the requirements for business registration. Instead, inspections to check compliance with all the requirement standards will be undertaken within the year after the issuance of the business permit.

(2) Joint inspection teams composed of the Business Permit and Licensing Officer, the City/Municipal Engineer, the City/Municipal Health Officer or Representative, the City/Municipal Planning Officer or designated Zoning Officer, the City/Municipal Environment and Natural Resources Officer or Representative, the City/Municipal

Treasurer and the City/Municipal Fire Marshal shall be organized to conduct joint inspection of business enterprises as required by law.

(3) The Bureau of Fire Protection shall enter into a memorandum of agreement with cities and municipalities, as necessary, to implement streamlined procedures for assessing and paying fire code fees that will enable the LGUs to implement that above steps.

4.3 Standard Processing Time. Consistent with ARTA, all cities and municipalities are enjoined to comply with the prescribed time for processing of business registrations, as shown below:

- (1) Processing of new business permits, which is classified as a complex transaction following the ARTA classification, shall not take more than 10 days for the release of the permit. However, LGUs are enjoined to strive for 5 days or less which is the average processing days in LGUs with streamlined BPLS; and
- (2) Processing of business renewals, which is classified as a simple transaction, shall not take more than 5 days for the release of the permit. However, LGUs are enjoined to strive for one day or less processing, which is the average processing time in LGUs with streamlined BPLS.

4.4 Signatories. All cities and municipalities shall follow the prescribed number of signatories required in processing new business applications business renewals to five days following the ARTA. However, LGUs are enjoined to require only two (2) signatories, namely, the Mayor and the Treasurer or the BPLO. To avoid delay in the release of permits, alternate signatories (e.g. the Municipal or City Administrator or the BPLO) may be properly deputized by the Mayor.

5.0 Implementation of the BPLS Standards

5.1 All cities and municipalities are enjoined to implement the BPLS standards as described in Section 4 above. The government identified priority cities and municipalities whose implementation of the BPLS standards will be closely monitored since these LGUs: (a) constitute the critical mass of establishments in the country; and (b) they have been identified as having good potentials in generating investments in the four priority sectors of government, e.g. business process outsourcing, tourism, mining and agribusiness. Annex 4 contains the list of priority LGUs.

5.2 The government shall be organizing training workshops and coaching sessions for the LGUs in the priority list mentioned in section 5.1 on October-December 2010. At the same time, the government shall be issuing an operations manual to guide LGUs in re-engineering their BPLS to conform to the BPLS standards mentioned in section 4.

5.3 The cities and municipalities not included in the priority list contained in Annex 4 shall undertake BPLS streamlining on their own through enrolment in training programs that will be provided by the Local Government Academy (LGA) and other private sector providers.

6.0 Roles and Responsibilities

6.1 Local Government Units (Cities and Municipalities)

- 6.1.1 The LGUs, represented by the Local Chief Executive/Mayor, shall coordinate with DILG and the DTI in the implementation of BPLS standards and shall:
- (a) organize Technical Working Groups (TWGs) to oversee the implementation of the streamlined BPLS;
 - (b) participation of LGU representatives in all BPLS reform activities that are initiated by the DILG and DTI at the LGU level;
 - (c) the preparation and implementation of the requisite orders, ordinances and directives relative to the BPLS reform;
- 6.1.2 Provide the enabling environment for BPLS reforms, namely, the legal framework, the budget and logistical support necessary in instituting BPLS reform standards to include, but not limited to, manpower, creation of the one-stop-shops, organization and activities of joint inspection teams (JIT) and conduct of information, education and communication campaigns (IEC).

6.2 Department of the Interior and Local Government

- 6.2.1 The DILG, together with the DTI, shall coordinate the upscaling of the BPLS reforms nationwide with other agencies and among its regional, local government operations officers, bureaus and attached agencies. The Local Government Academy (LGA) under the DILG, shall act as the overall coordinator for the nationwide BPLS streamlining program for LGUs.

The DILG regional offices shall organize a regional BPLS Coordination Committee, together with the regional offices of the DTI, to oversee the implementation of the BPLS project at the local level, with membership coming from concerned government agencies, local chambers, civil society organizations and other stakeholders.

- 6.2.2 The DILG, together with DTI, shall organize and co-chair a BPLS Oversight Committee which will provide the overall policy direction in the nationwide upscaling of the BPLS reforms.
- 6.2.3 The DILG, as Co-Convener of the Working Group on Decentralization and Local Government under the Philippine Development Forum, shall promote the BPLS project and take responsibility in enjoining the development community to support the project.

6.3 Department of Trade and Industry

- 6.3.1 The DTI, together with the DILG, shall be responsible for providing policy direction in the implementation of the BPLS reform project nationwide and in ensuring that the requirements for BPLS streamlining are among its regional and provincial offices and in setting up a monitoring system for tracking the progress of LGs in reforming their BPLS. It shall co-chair the BPLS Oversight Committee which will provide the overall policy direction in the nationwide up scaling of the BPLS Reforms.
- 6.3.2 Considering its mandate to promote investments and enhance competitiveness both at national and local levels, the DTI, together with the DILG, shall be responsible for identifying the priority LGUs that will be included in the BPLS program and in annually evaluating the list based on the sector priorities of the government and other criteria that will be deemed necessary.
- 6.3.3 Consistent with the framework for public-private sector partnership (PPP), the DTI shall be responsible for enjoining private sector participation and support in the BPLS streamlining project both at the national and local levels.
- 6.3.5 The DTI, as Co-Convener of the Working Group on Growth and Investment Climate under the Philippine Development Forum, shall promote the BPLS project and take responsibility in enjoining the development community to support the project.

7.0 Enforcement Clause

This Joint Memorandum Circular shall enforce all the provisions of Republic Act No. 9485 or Anti-Red Tape Act of 2007 and its Implementing Rules and Regulations.

8.0 Separability Clause

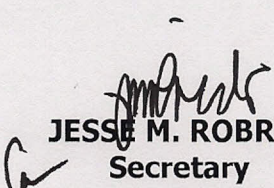
If any clause, sentence or provision of this Joint Memorandum Circular shall be invalid or unconstitutional, its remaining parts shall not be affected thereby.

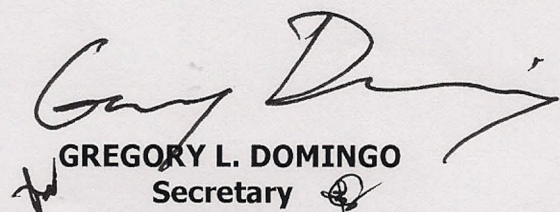
9.0 Repealing Clause

All orders, rules and regulations inconsistent or contrary to the provisions of this Joint Memorandum Circular are hereby repealed or modified accordingly.

10.0 Effectivity

This Joint Memorandum Circular shall take effect immediately.


JESSE M. ROBREDO
Secretary
Department of the Interior and Local Government


GREGORY L. DOMINGO
Secretary
Department of Trade and Industry