

Foreign Business Ownership in the Philippines

by [Atty. Francesco C. Britanico](#) | Updated: Oct 13, 2025 | [Blog](#), [Corporate Law](#), [Incorporation](#)

[Doing Business in the Philippines](#)[Foreigners in the Philippines](#)

Can foreigners own a business in the Philippines?

YES! Foreign business ownership Philippines is possible!

This article explains everything you need to know about foreign business ownership in the Philippines, focusing on new developments in the law that reduce foreign equity restrictions.

We discuss changes to Philippine business laws such as:

- Retail Trade Liberalization Act
- The Amendments to the Public Service Act
- The Foreign Investments Act and its Amendments
- The Negative List
- Foreign Business Ownership Summary

For detailed information on registration and various business structures, please read this.

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100% Foreign Business Ownership Philippines: 3 New Philippine Business Laws that Liberalize Trade



The newly amended business laws relating to 100% foreign ownership align investment policies with the government's goal of balancing economic growth and the protection of national interests.

100% foreign ownership in the Philippines is now easier than ever, thanks to key amendments to the Retail Trade Liberalization Act, the Public Service Act, and the Foreign Investments Act.

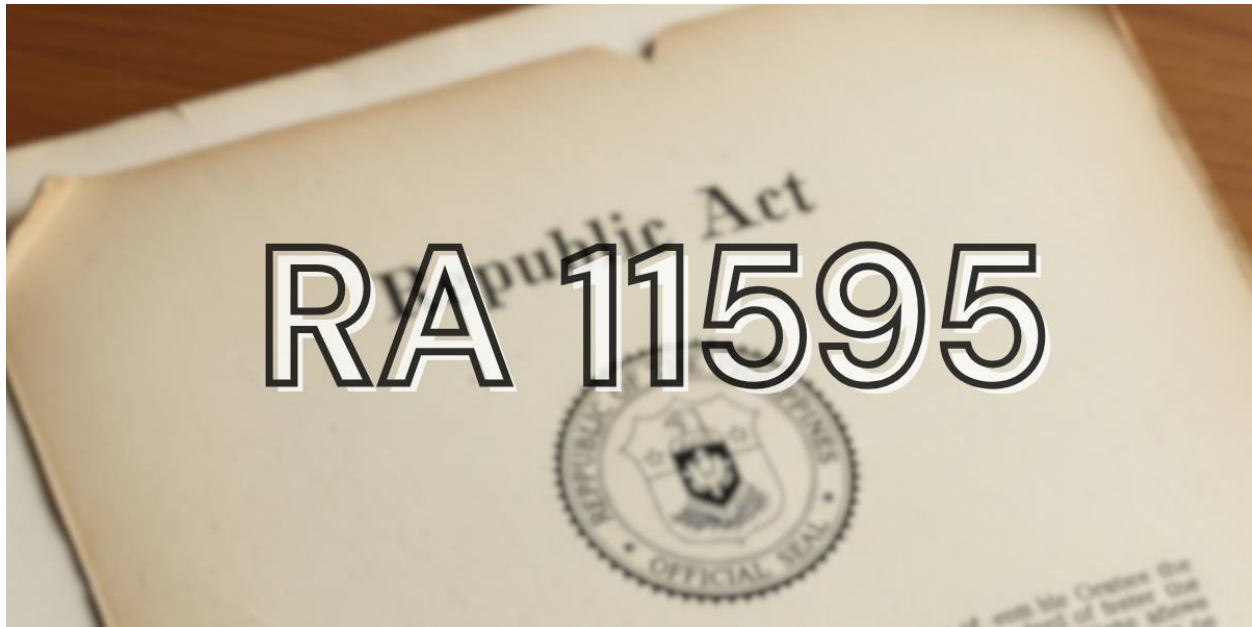
These reforms have significantly lowered capitalization thresholds and redefined certain industries—such as telecommunications, shipping, and retail—making them more accessible to foreign investors.

By opening up previously restricted sectors and streamlining entry requirements, the Philippines has positioned itself as a more welcoming destination for global business.

These changes reflect the government's commitment to attracting long-term foreign investment and fostering inclusive economic growth.

These new developments – along with the 2022 Negative List – have allowed foreign ownership of several new industries.

Amendments to the Retail Trade Liberalization Act (RTLTA)



Retail trade is the habitual selling direct to the general public of merchandise, commodities or goods for consumption.

This covers a broad array of enterprises, including restaurants, clothing stores, drug stores, department stores, and groceries.

A significant item in the Retail Trade Liberalization Act is the reduction of the minimum capitalization of foreign retailers from \$2.5 million to Php 25 million.

Also, the minimum investment per store has been lowered from \$250,000 to P10 million.

Thus, 100% foreign ownership in the Philippines or a retail business is now made more affordable through the reduced P25 million minimum capitalization requirements.

The amendments also removed the extensive pre-qualification requirements for retailers in the old law.[\[1\]](#)

In place of pre-qualification, the Department of Trade and Industry, the National Economic and Development Authority and the SEC are tasked to monitor companies' continuing compliance with the minimum paid-up capital.

To register the retail enterprise with the SEC or the Department of Trade and Industry, the foreign retailer must submit either a certificate of inward remittance of its capital investment from the Bangko Sentral ng Pilipinas (BSP) or present other proof certifying that its capital investment is deposited and maintained in a Philippine bank.

The Retail Trade Liberalization Act has thus really streamlined the requirements and made it far more affordable to invest in the Philippines for foreign retailers. [\[1\]](#)

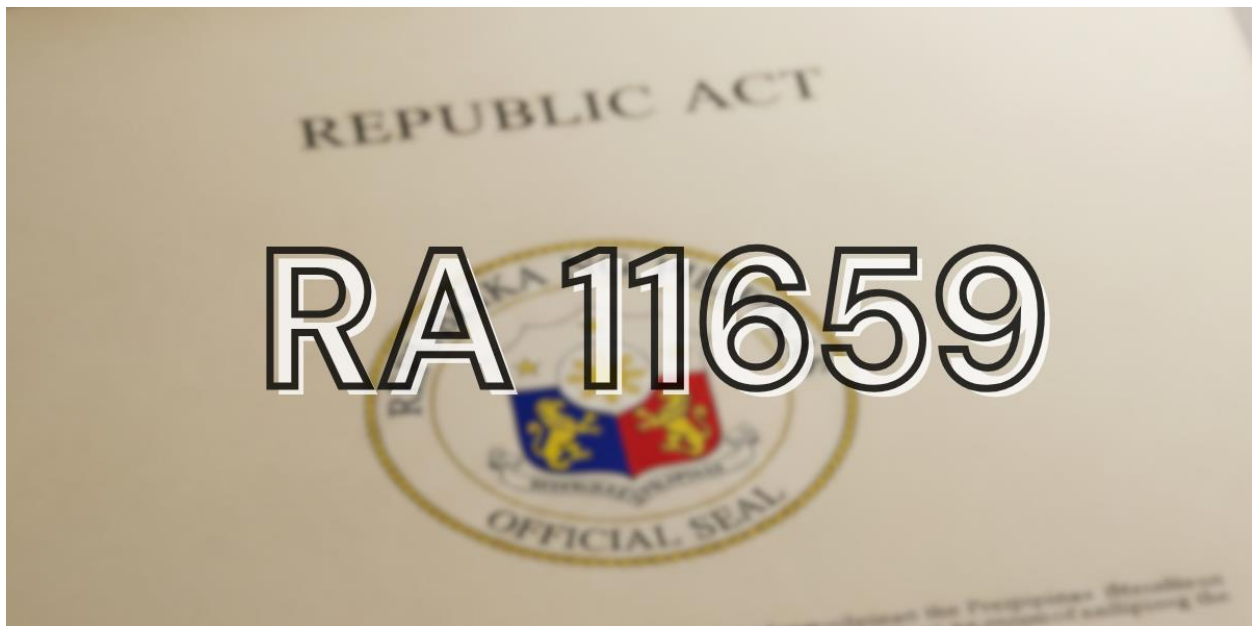
These were often prohibitive barriers because they required the retailer to have:

- A minimum of Two hundred million US dollars (US \$200,000,000.00) net worth in its parent corporation for Categories B and C, and Fifty million US dollars (US \$50,000,000.00) net worth in its parent corporation for category D;
- 5 retailing branches or franchises in operation anywhere around the world unless the such retailer has at least one (1) store capitalized at a minimum of Twenty-five million US dollars (US\$25,000,000.00);
- Five (5)-year track record in retailing

The retailer was further obliged to secure a Certificate of Prequalification Compliance from the Board of Investments to prove that these requirements had been met.

In aid of attracting foreign investment, these requirements have been reduced or removed by the amendments.

Amendments to the Public Service Act (PSA)



The protectionist language of the Public Service Act^[i] previously required all companies engaged in industries that the law classified as “public service” to be at least 60% Filipino-owned.

This was because of a broad interpretation of the term “public utilities” which the law specifically reserved for Filipino-owned and controlled companies.^[ii]

The Supreme Court previously used the two terms to refer to the same thing, despite their being found in different laws, and it is from this perspective that the protectionist provisions in the 1987 Constitution were crafted.

Thus, companies engaged in “public services” such as telecommunications, freight or carrier transport, railway operations, and others were all considered to fall within the language of “public utilities” which were excluded from foreign control or investment.

The new amendments to the Public Service Act change all this.

The amendments create a clear distinction between the two terms, making it plain that they are not the same.

This now means that “public utilities” which the law restricts to Filipino-owned and controlled companies are confined to a smaller subset of industries than “public services” which are not necessarily so restricted.^[iii]

The amendments of the Public Service Act narrow the scope of what is considered a “public utility”, limiting it to only those that operate, manage, or control for public use the following sectors:

- distribution of electricity,
- transmission of electricity,
- petroleum and petroleum products pipeline transmission systems,
- water pipeline distribution systems and wastewater pipeline systems, including sewerage pipeline systems,
- seaports, and
- public utility vehicles.

The Public Service Act amendments explicitly state that no other person shall be deemed a public utility unless a subsequent law provides for it.

So, sectors not included in the above list are no longer subject to foreign equity restrictions.

This allows foreign capital to now enter many sectors since “public services” encompass a far wider list of sectors than those enumerated as “public utilities”.^[iv]

There are still certain safeguards – mainly those dealing with national security considerations.

For instance, companies controlled by foreign governments or state-owned enterprises are prohibited from investing in public utilities or critical infrastructure.

Entities owned or controlled by foreign governments or state-owned enterprises cannot make new investments in any public utility or critical infrastructure, with the exception of sovereign wealth funds and independent pension funds of states which are subject to a 30% foreign equity restriction or limit.

But the foreseen benefits of these amendments to the Public Service Act include attracting more global players in order to modernize sectors like telecommunication, shipping, air carriers, railway, and subways.

The greater foreign investment is intended to create more domestic jobs and income.

The opening of industries is also meant to stimulate increased competition in terms of services and products to the consumers' benefit, resulting in better quality services and more competitive pricing.^[v]

^[i] Commonwealth Act No. 146.

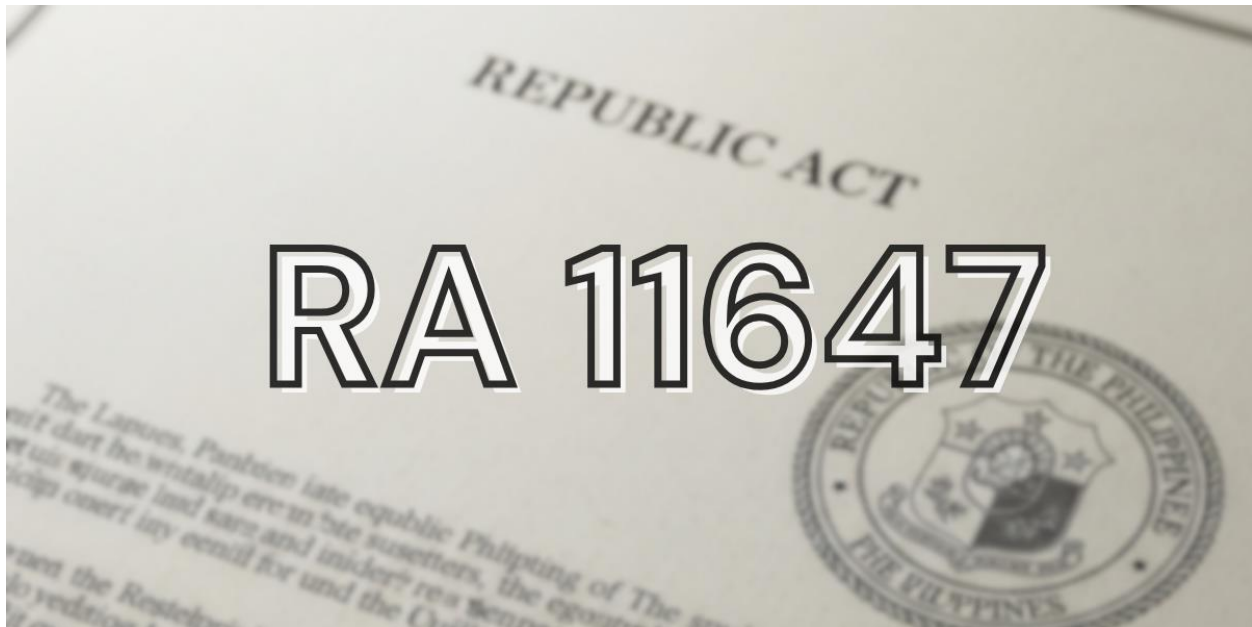
^[ii] Santos v. The Public Service Commission, G.R. No. 26771, September 23, 1927.

^[iii] Republic Act No. 11658.

^[iv] Public services include any common carrier, railroad, street railway, traction railway, sub-way, motor vehicle, either for freight or passenger, or both, with or without fixed route and whatever may be its classification, freight or carrier service of any class, express service, steamboat, or steamship line, pontine, ferries, and [small] watercraft, engaged in the transportation of passengers [and] freight, shipyard, marine railway, marine repair shop, warehouse, wharf or dock, ice plant, ice refrigeration plant, canal, irrigation system, [sewerage,] gas, electric light, heat and power, water supply and power, petroleum sewerage system,[telephone] wire or wireless [telegraph] system [and] broadcasting [radio] stations.

^[v] Department of Trade and Industry Secretary Ramon Lopez, <https://www.dti.gov.ph/archives/news-archives/amended-public-service-act-to-fuel-economic-rebound/>

Amendments to the Foreign Investments Act (FIA)



The amendments to the Foreign Investments Act reserve to Philippine nationals those micro, small, and medium-sized enterprises (MSMEs) with a capitalization of less than \$200,000.

The Foreign Investments Act or RA11647 states that only Filipinos can own SME business.

However –

It allows foreign ownership and control of MSMEs with a capitalization of at least \$100,000 which meet the following conditions:

- Utilize advanced technology (as determined by the Department of Science and Technology);
- Endorsed as startup enablers or as a startup under the Innovative Startup Act; or
- The company hires no less than 15 Filipino employees (down from the previous requirement of 50).

The amended FIA law requires foreign export enterprises to register with the Bureau of Internal Revenue and follow the export requirements provided by Title XIII of the national tax code to avail of any tax incentive or benefit such as income tax holidays.

Also, the amended FIA law provides for the creation of an Inter-Agency Investment Promotion Coordination Committee (IIPCC). The IIPCC will henceforth be the body that integrates all promotion and facilitation efforts to encourage foreign investments into the country.

The IIPCC shall be composed of the:

- Secretary of the Department of Trade and Industry to preside it as Chairperson;
- Secretary or Undersecretary of the Department of Finance (DOF) as Vice-Chairperson;
- Board of Investments (BOI) Managing Head;
- Director-General of the DTI-Philippine Economic Zone Authority (PEZA);
- Undersecretary of the Department of Foreign Affairs (DFA), Office of the Undersecretary for Multilateral Affairs and International Economic Relations (OUMAIER);
- Secretary of Socioeconomic Planning of the National Economic and Development Authority (NEDA);
- Secretary of the Department of Information and Communications Technology (DICT);
- Chairperson of the Commission on Higher Education (CHED);
- Director-General of the Technical Education and Skills Development Authority (TESDA); and
- Four representatives composed of a representative each from the National Capital Region, Luzon, Visayas and Mindanao, to be chosen from a list of nominees prepared and submitted by nationally recognized leading industry or business chambers, who must be of known competence, probity, integrity and expertise in any of the fields of investment, advertising, banking, financial management and law, with at least ten (10) years of outstanding management or leadership experience.

The amended Foreign Investments Act explicitly provides that it does not cover banks and other financial institutions.

It also does not cover the practice of professions so the law should not be read to exclude foreigners from practicing their profession in the Philippines.

The practice of professions is not regulated under the Foreign Investments Act, but only specially regulated by professional regulatory boards or similar bodies or reciprocity agreements with other countries.

This adopts the view that the practice of professions is not an investment activity under the scope of the Foreign Investment Act.

The latest Negative List, issued in June 2022 after the passage of these three laws, reflected the relaxation of restrictions that they provided.

It is also worth noting that the amended Foreign Investments act specifically provides that a new Negative List shall not be issued more than once every two years.

Here is a summary table of allowed 100% foreign ownership and restricted industries.

The Foreign Investment Negative List (FINL)

Foreign Investment Negative List (FINL)									
LIST A		LIST B							
Foreign Ownership Restricted by Constitution and Specific Laws		Foreign Ownership Limited for Reasons of National Security, Public Health, Morals, and Protection of Small Businesses							
100% foreign ownership is NOT allowed	<ul style="list-style-type: none"> · Mass media · Practice of professions (e.g., law, medicine) · Small-scale mining · Security agencies · Cockpits, firecrackers, and certain weapons 	Covers industries like:	<ul style="list-style-type: none"> · Firearms and explosives · Dangerous drugs · Gambling and massage clinics · Micro and small domestic enterprises (with capital under \$200,000) 						
Foreign ownership is limited to	<table border="1"> <tr> <td>25%</td> <td> <ul style="list-style-type: none"> · Private recruitment · defense construction </td> </tr> <tr> <td>30%</td> <td>Advertising</td> </tr> <tr> <td>40%</td> <td> <ul style="list-style-type: none"> · public utilities · land ownership · educational institutions · natural resource use </td> </tr> </table>	25%	<ul style="list-style-type: none"> · Private recruitment · defense construction 	30%	Advertising	40%	<ul style="list-style-type: none"> · public utilities · land ownership · educational institutions · natural resource use 	Foreign ownership is limited to:	<ul style="list-style-type: none"> · Tech startups · Export-oriented manufacturers (with approval) · Companies with majority Filipino workforce
25%	<ul style="list-style-type: none"> · Private recruitment · defense construction 								
30%	Advertising								
40%	<ul style="list-style-type: none"> · public utilities · land ownership · educational institutions · natural resource use 								

The guidelines in the Negative List Philippines is compiled based on the restrictions set by the Constitution, various laws, and administrative regulations.

The [Foreign Investment Negative List](#) (FINL) specifies industries that have restrictions on foreign ownership.

These categorize restricted sectors into List A (constitutional/statutory limits) or those reserved industries for Filipino citizens and List B (defense, health, or SME protection) which are industries with partial foreign ownership.

LIST A: Foreign Ownership Restricted by Constitution and Specific Laws

100% foreign ownership is NOT allowed in certain sensitive sectors such as:

- Mass media
- Practice of professions (e.g., law, medicine)
- Small-scale mining
- Security agencies
- Cockpits, firecrackers, and certain weapons

Industries that 100% Foreign ownership is reduced and limited to:

- 25% in private recruitment and defense construction

- 30% in advertising
- 40% in public utilities, land ownership, educational institutions, and natural resource use

LIST B: Foreign Ownership Limited for Reasons of National Security, Public Health, Morals, and Protection of Small Businesses

Covers industries like:

- Firearms and explosives
- Dangerous drugs
- Gambling and massage clinics
- Micro and small domestic enterprises (with capital under \$200,000)

Some exceptions apply to:

- Tech startups
- Export-oriented manufacturers (with approval)
- Companies with majority Filipino workforce

As you can see, barring the above, there are several sectors open to foreigners.

As an example of a successful foreign business, let's take Grab Philippines.

Grab Philippines is now a common household name.

In the Philippines, it has grown from a simple ride-hailing app into one of the most recognized tech brands in the country.

Since entering the Philippine market, Grab quickly scaled its operations by acquiring Uber Philippines in 2018, giving it a dominant foothold in the transport sector.

It then expanded into food delivery (GrabFood), logistics, and digital payments (GrabPay), positioning itself as an all-in-one "super app" for Filipino consumers.

Grab's success is largely attributed to its adaptability and strong partnerships with local regulators such as the LTFRB and DTI, ensuring compliance while innovating.

By solving everyday problems such as commuting, food access, and cashless transactions, Grab became a household name and a platform for thousands of Filipino drivers, riders, and small businesses to thrive.

Its growth demonstrates that with the right approach, foreign tech companies can successfully navigate Philippine regulations, tap into its mobile-first population, and build long-term value in the market.

Foreign Business Ownership Summary



Investing in the Philippines is now easier than ever, due to the amendments to Philippine business laws, liberalization of foreign equity restrictions and the reduction of minimum capital requirements

With more sectors open to foreigners, there are more options than even.

Popular businesses that foreigners start are the following:

- Export oriented businesses
- IT-BPO companies
- Retail businesses with more than PHP 25M capitalization

These take advantage of the Philippines' well educated and cheaper workforce and are often incorporated to support foreign businesses.

Aside from just ownership however, it's important to also determine the right business structure, the incorporation process and applicable taxes – and this can be a little complicated.

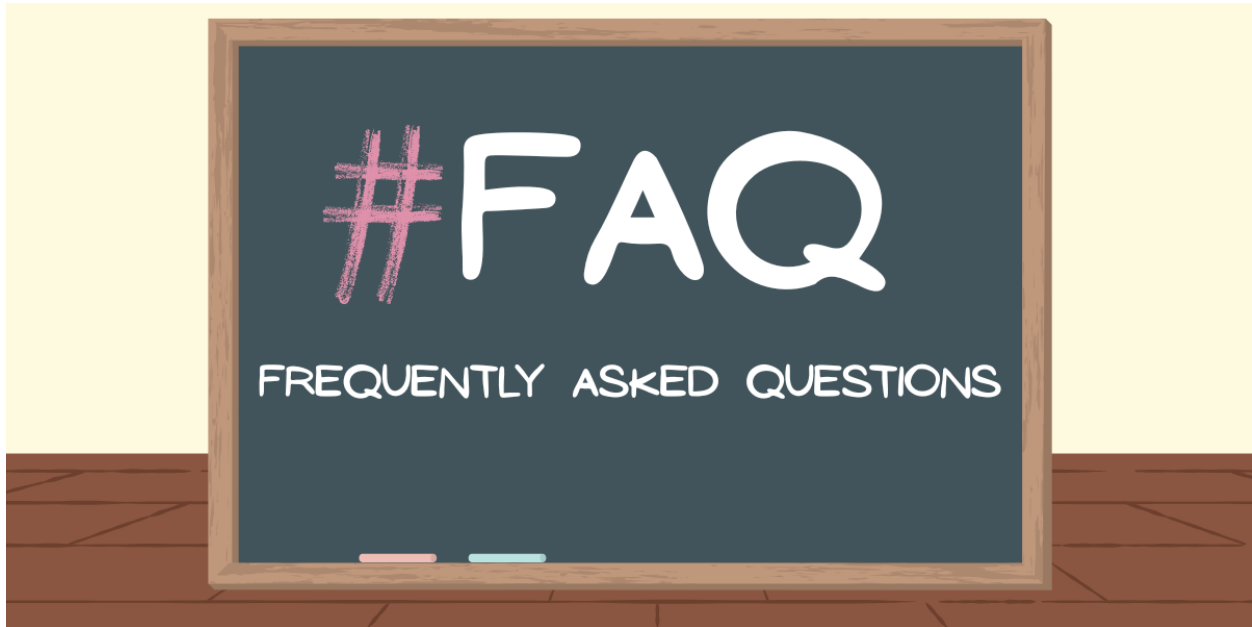
It's often best to hire local legal experts or team up with Filipino firms.

When it comes to foreign business ownership Philippines, they know the ins and outs of the system and can help you avoid costly mistakes.

Foreign investors can start a business in the Philippines, but must navigate ownership restrictions and compliance requirements.

Need assistance? [contact us](#) Our legal team can guide you through the process.
For more details, check our guide on Business Registration in the Philippines.

FAQs (Frequently Asked Questions)



Foreign business ownership FAQ 8

Can I have 100% foreign ownership of my business in the Philippines?

Yes, but only in certain industries. Check the FINL list.

How much capital do I need as a foreign investor?

Minimum USD 200,000, unless exporting 60% of goods/services.

Can a foreigner own land in the Philippines?

No, but they can lease land or own a condo (up to 40% of a building).