

The Philippines

at a glance



Executive message: Welcome to The Philippines



Sandeep Uppal

President and CEO,
HSBC Philippines

Head office address:

HSBC Centre,
3058 Fifth Avenue West,
Bonifacio Global City, Taguig City,
1634 Philippines

Offering a gateway to business in Southeast Asia, supported by a young and dynamic workforce, The Philippines is an exciting, diverse and progressive destination for business, providing new opportunities for investors and presenting numerous possibilities for growth.

HSBC has been working with business organizations and individuals across the archipelago for 150 years, offering a range of banking and financial services, covering retail, commercial and corporate banking.

At present, the Philippine government is rolling out an ambitious infrastructure programme that is set to improve connectivity and productivity across the country, promote digitisation, and introduce necessary reforms to enhance the ease of “doing business” and “paying taxes”. Hence, we see significant opportunities for business organizations to capitalize on these developments and invest in The Philippines.

Our dedicated team of professionals is well equipped to support your banking needs in this market via three global businesses: Wholesale Banking, Wealth and Personal Banking, and Global Banking and Markets.

I look forward to sharing everything that these rich and diverse islands have to offer and developing prosperous relationships with you in the future.

Overview



Major language(s)
English and Filipino, which has around 150 dialects; the four major dialects are Tagalog, Cebuano, Ilocano and Hiligaynon.

Time zone
UTC +8

Currency
Philippine peso (PHP)

Population
115 million
(July 2025)

Central bank
Bangko Sentral ng Pilipinas (BSP)

Consumer price index, average
6.0% (2023);
3.2% (2024)

Total area
300,000 sq km

Gross domestic product (GDP)
USD461 billion
(2024);
5.6% growth rate
(2024);
USD3,985 per capita
(2024)

Exchange rate vs. USD
57.13
(as of 1 September 2025)

Capital
Manila



Banking system and bank accounts

The Bangko Sentral ng Pilipinas (BSP) is the central bank of the Philippines, whose primary objective is to maintain price stability to support sustainable growth in the economy and employment. The BSP’s inflation target from 2022 to 2024 is 3% within a $\pm 1\%$ corridor. To achieve this target, the BSP typically holds eight monetary board meetings a year when it sets its policy rate via the overnight reverse repo rate (RRP).

The banking system in the Philippines is robust and well capitalised, with strong and continuously improving prudential regulation and supervisory systems. The vast majority of the banking system’s assets are held by universal and commercial banks, with thrift banks and rural banks making up the rest of the market.

The Philippine banking system features an ever-expanding range of banking services and financial products, and several foreign banks have branches here. Offshore banking units (OBUs) and foreign currency deposit units (FCDUs) provide bank customers with direct access to foreign currency.

Once a company is registered with the Securities and Exchange Commission (SEC), typical requirements for corporate accounts are:

- SEC Certificate of Registration
- Secondary licence or certificate of authority issued by the supervising authority or other government agency
- Articles of Incorporation
- Latest General Information Sheet
- Board resolution duly certified by the corporate/partners’ secretary, or other equivalent document, authorising the signatory to sign on behalf of the entity

The following types of bank accounts are currently available:

Account type	Local current ²	Local savings ²	Foreign current ²	Foreign savings ²
Resident	✓	✓	✓	✓
Non-resident ¹	×	×	✓	✓
Credit interest	✓	✓	✓	✓

1. Accounts opened by non-resident companies must be funded by inward remittances of foreign currencies, or by over-the-counter deposits of local currency, as long as there is proof that the source is income derived from a property or asset located in the Philippines.
2. Account types: CUN (current accounts) and SSV (savings accounts) are available.



Clearing systems and payment instruments

Clearing systems in the Philippines are owned and operated by the Banker's Association of the Philippines (BAP), which is in turn owned by BAP member banks.

Clearing system	Comments
Philippine Clearing House Corporation (PCHC) Local Cheque Clearing	This is a paper-based clearing system operated by PCHC, which is the only entity authorised by BSP to clear cheques in Metro Manila and its integrated regions. Local currency cheques and cashier's orders take three working days to clear.
PCHC Regional Cheque Clearing	Local currency cheques presented by banks and branches located in specific provinces are cleared through BSP and PCHC. These cheques usually take seven days to clear.
Provincial Cheques for Collection	Cheques presented through areas not mentioned in either local or regional clearing are mailed to these areas and cleared in approximately 30 to 45 working days. Such items are also referred to as out-of-town cheques.
PDDTS (Philippines Domestic Dollar Transfer System)	The PDDTS has online, real-time and end-of-day batch netting transfer capabilities with final settlement on the same day. All USD transfers processed via GSRT mode are delivered through PDDTS online. The cut-off time is 3:00pm.
PPS (Philippine Payment System or PhilPaSS)	The PhilPass is the Philippines' version of real-time gross settlement (RTGS) for PHP. Payments are sent via SWIFT and are a same-day transfer provided within set cut-off times, with settlement on the same day via BSP. The cut-off time is 3:00pm.



While cash remains the most preferred payment method, the number of digital wallets has grown, Covid being the key driver. Some of the popular ones are Gcash, PayMaya, GrabPay and PayPal.

BSP National QR Code Standard (QRPh) is the BSP's latest digital payment solution. QRPh is the centralised payment system developed by the central bank to streamline payments by scanning QR codes for person-to-person and person-to-merchant transactions.

InstaPay (under the National Retail Payment System (NRPS) framework) is available 24/7, 365 days a year. Users can transfer funds of up to PHP50,000 (USD999.1) per transaction in a day. The service can be used by individuals, businesses and

government agencies with savings, current or e-money accounts with participating banks. Currently, InstaPay can be accessed via mobile banking apps or internet banking services; access via other digital channels will be rolled out gradually.

The Philippine EFT System and Operations Network (PESONet) is a batch-based electronic credit transfer service facilitating business-to-business, customer-to-business, government-to-government and person-to-government transactions in the country. It is the first automated clearing house in the Philippines under the NRPS that enables all Filipinos to perform electronic credit transfers. Under the system, funds are made available to the recipient instantaneously upon clearing or on the same banking day; recipients are not charged electronic crediting fees.



Trade

In 2024, the Philippines exported USD73.27 billion worth of products around the world, a decrease of 0.5% from the previous year. The United States is the single biggest recipient of goods, with Thailand the largest ASEAN recipient.

While the majority of the Philippines’ overseas sales are electronic, it is also a big exporter of animal fats and copper. The country also lists among world-leading nations for exporting bananas, pineapples and nickel.

The Philippines’ top five export trading partners are (in order): the United States; Mainland China; Japan; Hong Kong; and Singapore.

The Philippines has been a part of the ASEAN group since 1967 and a part of WTO since 1995.

The Philippines has a bilateral Trade and Investment Framework Agreement with the United States, which it signed in 1989.

Since 2008 the Philippines has been part of the Japan Economic Partnership Agreement, a bilateral arrangement covering a range of goods and services, including investments, the movement of people and intellectual property.

The Philippines signed an EFTA agreement in 2018, covering trade with Iceland, Liechtenstein, Norway and Switzerland.

In June 2023 the Philippines joined the Regional Comprehensive Economic Partnership. The partnership covers trade in goods and services, investment, intellectual property, e-commerce, competition, small and medium enterprises, and government procurement across 14 other Indo Pacific countries including Australia, China and Thailand.

	Exports	Imports
Value (2024)	USD73 billion	USD128 billion
% of GDP (2024)	26%	40%



Taxation

Resident/non-resident

- The company is a tax resident in the Philippines if it is created or organised in the Philippines or under its laws (a domestic company).
- A foreign company engaged in trade or business in the Philippines is referred to as a resident foreign company.
- Domestic companies are subject to income tax on their worldwide income, while resident foreign companies are taxed only on the Philippines-sourced income.
- Non-resident companies not engaged in trade or business in the Philippines are taxed only on the Philippines-sourced income.

Financial instruments

- Gains and losses from financial instruments are generally taxable and deductible.

Interest and financing costs

- Interest is generally tax deductible, on the condition that the underlying loans were used in the course of ordinary business, subject to certain limitations.

Foreign exchange

- Foreign exchange differences are taxable (gains) and deductible (losses) upon realisation.

Advance tax ruling availability

- Taxpayers can request for advance rulings in respect of the application of the tax law. Hypothetical questions/issues, however, would not be ruled.

Capital gains tax

- Capital gains are generally treated as ordinary business income and subject to normal corporate income tax.
- Gains from disposal of shares in an unlisted domestic company are subject to a tax of 15%.
- Disposal of listed shares through the local stock exchange are subject to stock transaction tax.
- Gains from disposal of bonds, debentures or other certificate of indebtedness with a maturity of more than five years are exempt from tax.
- Gains from disposal of land and/or buildings that are held as capital assets are subject to a tax of 6% on the gross selling price or fair market value, whichever is higher.

Withholding tax

- Domestic interest, rent, royalty and certain service payments are subject to withholding tax at specified rates.
- Dividends distributed to non-residents are subject to withholding tax at 25%. The withholding tax rate is reduced to 15% if the foreign countries where the recipient non-residents are domiciled does not impose tax on the dividends or allows a deemed-paid tax credit of at least 10%.
- Interests paid to non-residents are subject to withholding tax at 20%.
- Royalties paid to non-residents are subject to withholding tax at 25%.

Tax treaties

- A domestic company may claim the foreign tax paid as (1) a deduction from the gross income, or (2) a tax credit (limited to the Philippines tax payable on the income concerned).
- A resident foreign company can only claim the foreign tax paid as a deduction to the extent that the foreign tax is connected with the Philippines-sourced income.
- It is generally accepted that the tax treaty provisions take precedence over the domestic law.

Thin capitalisation

- There are no thin capitalisation rules in the Philippines.

Transfer pricing

- Certain provisions in the tax law operate to require related-party transactions (RPTs) to be on arm's-length terms, i.e. being carried out as if the parties were unrelated and independent.
- If it is found that the pricing of the RPTs is not at arm's length, the tax authority may impose adjustments and reallocate the income and deductions between the related parties.

Cash pooling

- General tax deduction rules and transfer pricing principles apply to cash pooling arrangements.

Banking services tax

- Banks are subject to gross receipts tax (percentage tax) at the following rates:
 - interest, commissions and discounts from lending activities – 5% (if the maturity is five years or less) or 1% (if the maturity is more than five years)
 - dividends and equity shares and net income of subsidiaries – 0%
 - royalties, rentals of property, profits from exchange and all other items treated as gross income – 7%
 - net trading gains within the taxable year on foreign currency, debt securities, derivatives and other similar instruments – 7%.

Corporate Income Tax (Rate)	25%
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Personal Income Tax (Rate)	15–35%
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Value Added Tax (Rate)	12%
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IMD World Competitiveness Ranking number	52
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Environmental, social and governance

Initiatives by the Department of Finance

- Sustainable Finance Taxonomy Guidelines published for consultation in September 2023, as part of Philippine Sustainable Finance Roadmap; BSP approved adoption of guidelines for banks in February 2024.
- Launch of the Sustainable Finance Framework.
- Launch of the Green Climate Fund Readiness Programme.

Initiatives by the Securities and Exchange Commission

- SEC adopted ASEAN Sustainable and Responsible Fund Standards in May 2023.
- SEC started drafting guidelines to ensure consistency of sustainability reporting guidelines with ISSB reporting requirements in September 2023.

Initiatives by the Bangko Sentral ng Pilipinas

- Circular to banks on the guidance in creation of sustainable finance framework (circ. 1085, April 2020); followed by environmental and social risk management framework (circ. 1128, October 2021).

- Philippine sustainable finance roadmap and guiding principles released with supporting circular by BSP February 2022.
- Launch of the Sustainable Central Banking Strategy; first BSP sustainability report published in July 2023; conducted self-assessment of vulnerability to physical climate and environmental risks in April 2024.
- Proposed guidelines for blue bond issuance framework in March 2023.
- In December 2023, BSP incentivised banks to extend loans and finance for sustainability objectives.
- AFRD law includes sustainable finance as form of compliance to the required 25% loan portfolio June 2023.
- SBL increased by 15% for sustainability-labelled financing and reserve requirements for sustainability-labelled bonds are set to zero. The changes will apply to all financing issuance until 2030.
- Circular issued to banks February 2024 regarding implementation of Sustainable Finance Taxonomy Guidelines.



Initiatives by the Department of Energy

- Existing monetary support for renewable energy buildout since 2008, including preferential tax rates and zero tariffs for renewable energy components.
 - EVIDA law (April 2022) provides a set of benefits for EV manufacturers and retailers such as zero tariff and import tax on EV and EV components and preferential tax rates for manufacturers and distributors. Requiring certain infrastructures to have charging stations (Retail benefits include exemption to number coding).
- Through the Greenforce and the Climate Change Commission, the Philippine National Determined Contribution Implementation Plan was published and presented during the COP28 (Dec 2023).
 - The Philippines NDC consists of the following: 75% total emissions reduction by 2030, 3% unconditional and 72% conditional to foreign support.
 - The National Adaptation Plan was also published and presented during the COP28 (Dec 2023).
 - MOU between the DENR and the NIA (National Irrigation Authority) have opened to the public more than 270 potential water projects. This was unveiled in February 2024. The DENR also announced the completion of the natural asset physical accounting specific for water resources, reforestation and mining areas. Marine asset accounting is set to be published by the end of 2024.

Initiatives by the Department of Environment and Natural Resources

- A multi-department working group called Green Force is established (October 2021) to coordinate climate and sustainable finance government strategy and policy development. Currently, this is led by the Department of Environment and Natural Resources.



Clearing systems holidays 2026

Holiday	Date
New Year’s Day	1 January, Thursday
Chinese New Year	17 February, Tuesday
Maundy Thursday	2 April, Thursday
Good Friday	3 April, Friday
Black Saturday	4 April, Saturday
Araw ng Kagitingan	9 April, Thursday
Labor Day	1 May, Friday
Independence Day	12 June, Friday
Ninoy Aquino Day	21 August, Friday
National Heroes Day	31 August, Monday
All Saints’ Day	1 November, Sunday
All Souls’ Day	2 November, Monday
Feast of the Immaculate Conception of Mary	8 December, Tuesday
Bonifacio Day	30 November, Monday
Christmas Eve	24 December, Thursday
Christmas Day	25 December, Friday
Rizal Day	30 December, Wednesday
Last Day of the Year	31 December, Thursday

The president declares separate holidays for Eid’l Fitr, the end of Ramadan, and for Eid’al Adha, the Feast of the Sacrifice. The declaration is typically announced after the dates for these Islamic holidays are determined according to the Islamic calendar. The National Commission on Muslim Filipinos informs the Office of the President of the dates for these Islamic holidays.

Sources: ASEAN.org; Climate Bonds Initiative; ESG Investor; Exchange-rates.org; GlobalData; HSBC Research; International Institute for Management Development; KPMG (Taxation); OEC World; Philippine Statistic Authority; US Department of the Treasury; World Bank; Trading Economics

Case study:

Pilmico and Gold Coin

A successful partnership to navigate an international expansion



Learn how Pilmico and Gold Coin grew its business to eight countries with HSBC's support

HSBC solutions and capabilities



Liquidity management



Service & implementation

“Expanding internationally is extremely difficult and complicated. We had to understand local regulations, manage different cultures, and adhere to different banking procedures with local partners. Thankfully we had HSBC at our side to navigate these challenges.”

Ebbie Mabatid

Senior Vice President & Chief Finance Officer, Pilmico and Gold Coin

HSBC trade finance capabilities

Core trade

Import and export letters of credit	✓
Documentary collections	✓
Pre- and post-shipment financing	✓
Customs guarantees	✓

Guarantees

Bid and tender bonds	✓
Advance payment guarantees	✓
Performance guarantees	✓
Retention/maintenance/ warranty bonds	✓

Structured trade finance

Supply chain finance and dynamic discounting	✓
Limited recourse receivables discounting (“non-recourse”)	✓
Recourse receivables finance	✓

Sustainable Product Offering

Green trade finance	✓
Sustainable trade instruments	✓
Sustainable supply chain finance programmes	✓
Sustainability-linked trade finance	✓

Trade channels

Internet Trade Services (ITS)	✓
HSBC Supply Chain Finance (HSCF) Platform	✓
SWIFT for Corporates (S4C)	✓
HSBCnet for Trade	✓