Senate
Office of the Secretary

'14 FEB -5 P2 :11

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SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

SENATE

S. No. **2104**

Introduced by **Senator FRANCIS G. ESCUDERO**

AN ACT
ALLOWING ONE PERSON CORPORATIONS, AMENDING FOR THE PURPOSE PERTINENT PROVISIONS OF BATAS PAMBANSA BLG. 68 OR THE CORPORATION CODE OF THE PHILIPPINES, AS AMENDED

EXPLANATORY NOTE

The Constitution provides that the State shall encourage private enterprise and provide incentives to needed investments in recognition of the private sectors' indispensable role.[1]

Consequently, to realize this State policy, it is proposed that a more viable, efficient and doable means of incorporation needs to be institutionalized. More specifically, a law that shall allow the creation and recognition of a single person corporation as a juridical entity vested with the same powers, purposes and prerogatives as that of the current legal fiction with the mandatory "not less than five but not more than fifteen" incorporators.

A one-person corporation has gained popularity worldwide as a business vehicle given its advantages in terms of liability. Compared to a sole proprietorship, which is presently the only legal option available for a one-individual owned business entity, a one-person corporation liability is limited to the properties you infused in the corporation.

Hence, this proposal is submitted for consideration.

FRANCIS G. ESCUDERO

[1]Section 20, Article II.

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Be it enacted by the Senate and the House of Representatives of the Republic of the Philippines in Congress assembled:

SECTION 1. *Short Title.*–This Act shall be known and cited as the *One-Person Corporations Act of 2014.*

SEC. 2. *Declaration of Policy.* --It is the policy of the State, as enshrined in the Constitution, to encourage private enterprise and provide incentives to needed investments.As such and in recognition of the indispensable role of the private sector, the State shall provide a more viable, effective and efficient legal atmosphere for businesses and job opportunities to flourish. More particularly, the State prescribesa simpler and more doable manner of incorporation, allowing and recognizing a single individual corporation as a juridical entity created byfiction of law.

SEC. 3. *Incorporation and Organization of One Person Private Corporations.* – Any natural person, of legal age and a resident of the Philippines, may form a one-person corporation for any lawful purpose or purposes. The single incorporator of a stock corporation must own or be the subscriber to the shares of the capital stock of the corporation.

SEC. 4. *SuppletoryApplication.* – The provisions of Batas PambansaBlg. 68 or The Corporation Code of the Philippines, as amended, insofar as they are not inconsistent with the provisions hereof, shall apply toone-person corporations.

SEC. 5. *Amendatory Clause.* – Batas PambansaBlg. 68, as amended, specifically Sections 10 and 14, Title II, thereof, and other provisions inconsistent herewith are hereby amended or modified accordingly. All other laws, orders and proclamations, rules and regulations or parts thereof, inconsistent with or contrary to the provisions of this Act or its purposes are likewise hereby amended or modified accordingly.

SEC. 6. *Separability Clause.* If any provision or part hereof is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting

SEC. 7. *Effectivity Clause.* This Act shall take effect fifteen (15) days from its publication in at least two newspapers of national circulation.

Approved,