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Proposed Amendments to the Corporation Code of the Philippines

BATAS PAMBANSA BILANG 68 otherwise known as the Corporation Code of the Philippines was enacted and approved on May 1, 1980. While most of its provisions continue to be a good law, it has antiquated provisions which are no longer at par with or compatible with the changing times. In order to be abreast with the developments of the modern world, several attempts of amending the Corporation Code have been made.

Of the proposed amendments, Senate Bill No. 2194 sponsored by Senator Sonny M. Angara of the 16th Congress is the most comprehensive. Notwithstanding its notable intention, S.B. No. 2194 was unfortunately not passed into a law.

With the incoming new administration under President elect Rodrigo Duterte, another promising bill amending the Corporation Code is intended to be re-filed this July 2016 to be sponsored by Senator Paolo Benigno "Bam" Aquino IV. It is basically a reiteration of SB No. 2194 incorporating additional revisions.

Among the salient provisions of Senator Bam's proposed bill is the introduction of new classifications of corporation, its conversion or revival, new minimum capital requirements and new term. As proposed, the new categories of corporations are as follows:

1. *One person Corporation* – a corporation with only one stockholder (director or trustee) who is either a natural or juridical person.

2. *Small Corporation* – a corporation with stockholders (incorporators) not exceeding three and its total assets do not exceed Php 15 Million.
3. *Regular Stock Corporation* – a corporation with more than three but not exceeding fifteen incorporators and its assets exceed Php 15 Million

A regular stock corporation may be converted into a one person corporation and vice versa. One person corporation is the only exception where a President/CEO may concurrently hold the position of a Treasurer/CFO.

Unlike in the old Corporation Code, the new Senate Bill proposes that a corporation shall have a perpetual term unless otherwise stated in the Articles of Incorporation. A term exceeding 25 years shall be subject to a periodic review of the Securities and Exchange Commission (SEC).

Further, this bill proposes that for a stock corporation, the new minimum capital requirement is at least Php 1 Million. However, for corporations issuing no par value, the minimum capital requirement is only Php 200,000.00

Moreover, this new Senate Bill proposes that attendance in meeting could be done not only in person or by proxy but also by remote communication such as video conferencing or teleconferencing. It also recognizes that voting may be done in absentia, aside from doing it in person or by proxy.

It has likewise introduced more comprehensive methods of dissolution, lengthier list of offenses and stiffer penalties, wider jurisdiction and powers of SEC and voluminous new reportorial requirements to be complied with.

While this new Senate Bill is promising, it also has room for improvements. It is with hope that this will be one of the priority bills of the new administration to be enacted into law.

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