

Rules and Regulations  
Governing Licensing of  
Constructors in the Philippines

TABLE OF CONTENTS

Page No.

RULE	I	DEFINITION OF TERMS	1
Sec.	1.1	Definition of Terms	1
RULE	2	POWERS AND DUTIES OF THE BOARD	2
Sec.	2.1	Powers and Duties of the Board	2
RULE	3	CONSTRUCTOR'S LICENSE	3
Sec.	3.1	License Types	4
Sec.	3.2	License Validity	4
Sec.	3.3	Terms and Conditions of a Constructor's License	5
Sec.	3.4	The License and License Certificate	5
RULE	4	REQUIREMENTS FOR LICENSING	6
Sec.	4.1	Qualifications for Licensing	7
Sec.	4.2	Sustaining Technical Employee	8
Sec.	4.3	Authorized Managing Officer	9
Sec.	4.4	License Application Filing	9
Sec.	4.5	Regular License Application Documents	10
Sec.	4.6	Special License Application Documents	10
Sec.	4.7	License Application Processing	10
RULE	5	LICENSE CLASSIFICATION AND CATEGORIZATION	13
Sec.	5.1	Contracting Classification	13
Sec.	5.2	Classification Processing	14
Sec.	5.3	Multiple Classifications	14
Sec.	5.4	Operation by Classification	14
Sec.	5.5	Updating of Classification Requirements	14
Sec.	5.6	Constructor Categories	14
Sec.	5.7	Categorization Criteria	15
Sec.	5.8	Category Identification	15
Sec.	5.9	Categorization of Special License Constructors	15
Sec.	5.10	Updating of Categorization Requirements	17
RULE	6	LICENSE RENEWAL AND RE-EVALUATION	17
Sec.	6.1	Annual License Renewal	17
Sec.	6.2	License Renewal Application Filing	17
Sec.	6.3	License Renewal Application Documents	18
Sec.	6.4	Classification Review	20
Sec.	6.5	Category Review	22
Sec.	6.6	License Renewal Applicants Failing Classification Review and/or Category Review	24
Sec.	6.7	Provisional License Renewal	25
Sec.	6.8	License Renewal Certificate	26
Sec.	6.9	Late License Renewal and License Lapsing	26

RULE	7	LICENSE AMENDMENTS	
Sec.	7. 1	Category Upgrading	27
Sec.	7. 2	Classification Revision	27
Sec.	7. 3	Application for Classification Revision and Category Upgrading Jointly with License Renewal	27
Sec.	7. 4	Other License Amendments	27
RULE	8	ACCREDITATION OF CONSTRUCTORS	
Sec.	8. 1	Accreditation	28
Sec.	8. 2	Quality of Overall Performance	28
Sec.	8. 3	Index Rating	28
Sec.	8. 4	Performance Factors in Index Rating	29
Sec.	8. 5	Eligibility for Accreditation	30
Sec.	8. 6	Application for Accreditation	31
Sec.	8. 7	Recognized Rating Entities	32
Sec.	8. 8	Accreditation Application Processing	32
Sec.	8. 9	Accreditation Approval	32
Sec.	8.10	Accreditation Certification	32
Sec.	8.11	Accreditation Validity	33
Sec.	8.12	Re-Accreditation	33
Sec.	8.13	Index Rating Review	33
Sec.	8.14	Index Rating Upgrading	34
Sec.	8.15	Accreditation or Re-Accreditation Denial	34
Sec.	8.16	Accreditation Revocation	34
RULE	9	LICENSING AND ACCREDITATION FEES	
Sec.	9. 1	Licensing Fees	35
Sec.	9. 2	Accreditation Fees	36
Sec.	9. 3	Amount of Fees	37
Sec.	9. 4	Payment of Fees	37
RULE	10	RIGHTS AND DUTIES OF LICENSED CONSTRUCTORS	
Sec.	10. 1	Regular License Authorization	37
Sec.	10. 2	Special License Authorization	37
Sec.	10. 3	Joint Operation Licensing	37
Sec.	10. 4	Renewal of License	38
Sec.	10. 5	Disassociation of a Sustaining Technical Employee	38
Sec.	10. 6	Change of an Authorized Managing Officer	38
Sec.	10. 7	Change in an Accreditation Performance Factor	39
Sec.	10. 8	Change of Address	39
Sec.	10. 9	Change of Name	39
Sec.	10.10	Change in Business Organization Style	39
Sec.	10.11	Introduction of Foreign Equity	39
RULE	11	DISCIPLINARY ACTION, PROCESSING AND DECISION	
Sec.	11. 1	Disciplinary Action	40
Sec.	11. 2	Causes for Disciplinary Action	40
Sec.	11. 3	Jurisdiction	41

	Sec. 11. 4	Prescription	42
	Sec. 11. 5	Complaint	42
	Sec. 11. 6	Complaint Withdrawal	43
	Sec. 11. 7	Service and Answer	43
	Sec. 11. 8	Evidence	43
	Sec. 11. 9	Memorandum	43
	Sec. 11.10	Decision	43
	Sec. 11.11	Petition for Reconsideration	43
RULE	12	LICENSE DENIAL AND CANCELLATION	
	Sec. 12. 1	License Denial	44
	Sec. 12. 2	License Renewal Denial	45
	Sec. 12. 3	Permissible Operation after License Non-Renewal	45
	Sec. 12. 4	Retirement from Construction Contracting	45
	Sec. 12. 5	Death or Disassociation of a Partnership Partner	45
	Sec. 12. 6	Death of a Sole Proprietor	46
	Sec. 12. 7	Introduction of Foreign Equity	46
RULE	13	LICENSE SUSPENSION LIFTING AND RESTORATION	
	Sec. 13. 1	License Suspension Lifting	46
	Sec. 13. 2	License Restoration	47
	Sec. 13. 3	License Non-Restoration	47
RULE	14	CODE OF ETHICS	
	Sec. 14. 1	Code of Ethics	47
RULE	15	ENFORCEMENT OF THE LAW	
	Sec. 15. 1	Application of the Law and Exemptions Therefrom	49
	Sec. 15. 2	Enforcement by the Board	50
	Sec. 15. 3	Enforcement by Officers of the Law	50
	Sec. 15. 4	Enforcement in Construction Biddings	50
	Sec. 15. 5	Penalties	51
	Sec. 15. 6	Effectivity	51
APPENDIX	I	CATEGORY EVALUATION	55
APPENDIX	II	ACCREDITATION INDEX RATING	56
APPENDIX	III	FEEES	59
APPENDIX	IV	FINES	62
APPENDIX	V	REPUBLIC ACT NO. 4566	63
		An Act Creating the Philippine Licensing Board for	

Contractors, Prescribing its Powers, Duties and Functions, Providing Funds therefore, and for other Purposes

APPENDIX

VI. PRESIDENTIAL DECREE NO. 1746

76

Creating the Construction Industry Authority of the Philippines

## RULE 1 DEFINITION OF TERMS

### Sec. 1.1 Definition of Terms

Unless otherwise specified, the following terms, as used herein, shall mean as defined:

- a) "Law" means Republic Act No. 4566, as amended by Letter of Instruction No. 993 and by Presidential Decree No. 1746;
- b) "Authority" means the Construction Industry Authority of the Philippines;
- c) "Board" means the Philippine Contractors Accreditation Board;
- d) "Secretariat" means the secretariat of the Board;
- e) "Person" means an individual, or any juridical entity such as a partnership, a corporation, a joint venture, a consortium, an association or organization, or any combination thereof;
- f) "Constructor" shall have the same meaning as "contractor" as used in Section 9(b) of the Republic Act No. 4566.
- g) "Joint Venture" means a cooperative arrangement of licensed constructors to jointly perform a single specific undertaking/project with each of the partners contributing to the performance;
- h) "Consortium" means a cooperative arrangement between licensed constructor(s) and non-constructor(s) to jointly perform a single specific undertaking/project with the licensed constructor(s) as managing and operating partner(s) and the others as financier(s) or any such other construction supportive role;
- i) "License" means the authority granted by the Board with conformity of the Authority, for a person to engage in construction contracting in the Philippines and, refers to a Regular License, a Special License or both, as discussed in Sec. 3.1 herein.
- j) "Category" indicates the graded level of aggregate capability of a constructor based on pre-determined criteria which include financial capacity, equipment capacity, experience of firm, and experience of technical employees.
- k) "Classification" means the area of operation wherein a constructor can engage in based on the technical experience of his sustaining technical employee.
- l) "Principal Classification" is the main contracting classification of a multi-classification constructor with respect to which his category was evaluated.
- m) "General Engineering" refers to the contracting classification that a licensed "General Engineering contractor", as used in Section 9(c) of the Republic Act No. 4566, is authorized to engage in as further explained in Sec. 5.1 herein.

- n) "General Building" refers to the contracting classification that a licensed "General Building contractor", as used in Sec. 9(d) of the Republic Act No. 4566, is authorized to engage in as further explained in Sec. 5.1 herein.
- o) "Specialty" refers to the contracting classification that a licensed "Specialty" contractor, as used in Sec. 9(e) of the Republic Act No. 4566 is authorized to engage in as further explained in Sec. 5.1 herein.
- p) "Sustaining Technical Employee" means a constructor's nominee from among his technical personnel, who is approved as such by the Board and whose training and experience are to sustain the constructor's classification eligibility and/or to accrue to the constructor's credit rating in categorization;
- q) "Authorized Managing Officer" means the sole management representative of a constructor, duly appointed by the constructor and authorized by the Board to act for and in behalf of the constructor, in all matters concerning requirements of the Board and implementation of R.A. 4566 and P.D. 1746.
- r) "Credit Point" refers to the equivalent weight of importance given to each of the qualification criteria for the purpose of categorizing constructors.
- s) "Accreditation" means the status conferred on a licensed constructor by the Authority, upon the recommendation of the Board, indicating the performance and experience of the constructor as herein in accord with standards set by the Board;

## RULE 2 POWERS AND DUTIES OF THE BOARD

### Sec. 2.1 Powers and Duties of the Board

The Board is vested by provisions of R.A. 4566 and P.D. 1746 with the following powers and duties:

- a) To perform and implement the policies of the Authority;
- b) To issue, suspend and revoke Licenses of constructors;
- c) To issue rules and regulations, subject to confirmation of the Authority for implementation of R.A. 4566 as amended by P.D. 1746.
- d) To adopt rules and regulations to effect the classification, categorization and accreditation of constructor;
- e) To limit the operations of constructors to within the bounds of their respective classifications and/or any restriction as may be imposed by the Board on their respective Licenses;
- f) To investigate any violation of the Law and the provisions hereof and, for this purpose, may issue subpoena and subpoena duces tecum to secure appearance of witness in connection with any charge presented to the Board; or to cause the investigation of the violation by the Ministry of Trade and Industry under Executive Order No. 913.

- g) To institute action in court and secure a writ of injunction without bond to restrain any unlicensed constructor from engaging or attempting to engage in construction contracting;
- h) To impose fine on any such above said violation;
- i) To enter any premises where construction work is being carried out to inspect the construction and, where necessary, to enforce the Law and the provisions hereof or to prevent contravention thereof; such entry may be by any Board member or any member of the Secretariat duly authorized by the Board;
- j) To collect fees and undertake income generating activities whenever necessary, to sustain the Board's performance of its functions and discharge of its responsibilities;
- k) To gather and collate information on constructors relevant to implementation of R.A. 4566, P.D. 1746 and the provisions hereof;
- l) To publish in a newspaper of general circulation, at least once a year, particulars of licenses issued, renewed, suspended and revoked and such other information relevant to the Law and its administration and deemed proper by the Board;
- m) To keep a permanent record of constructors ever licensed by the Board, including therein the name, address, License number, classification(s), category, License status whether renewed, suspended, cancelled, revoked or denied renewal, accreditation details, if applicable, and such other information of interest to the construction industry and general public; and
- n) To submit an annual report of the activities and proceedings of the Board to the President of the Philippines thru the Authority.

### RULE 3 CONTRACTOR'S LICENSE

#### Sec. 3.1 License Types

Two types of Licenses are hereby instituted and designated as follows:

##### a) The Regular License

"Regular License" means a License of the type issued to a domestic construction firm which shall authorize the Licensee to engage in construction contracting within the field and scope of his License classification(s) for as long as the License validity is maintained through annual renewal; unless renewal is denied or the License is suspended, cancelled or revoked for cause(s).

The Regular License shall be reserved for and issued only to constructor-firms of Filipino sole proprietorship, or partnership/  
\*  
corporation with at least seventy percent (70%) Filipino equity participation and duly organized and existing under and by virtue of the laws of the Philippines.

\* Adjusted to 60% under Art. 48 of Chapter III, Book II of the Omnibus Investment Code of 1987

b) The Special License

"Special License" means a License of the type issued to a joint venture, a consortium, a foreign constructor or a project owner which shall authorize the Licensee to engage only in the construction of a single specific undertaking/project. In case the Licensee is a foreign firm, the license authorization shall be further subject to condition(s) as may have been imposed by the proper Philippine government authority in the grant of the privilege for him to so engage in construction contracting in the Philippines. Annual renewal shall be required for as long as the undertaking/project is in progress, but shall be restricted to only as many times as necessary for completion of the same.

The following can qualify only for the Special License:

- ba) A joint venture, consortium or any such similar association organized for a single specific undertaking/project;
- bb) A foreign firm legally allowed by the proper Philippine government authority to undertake construction activities in the Philippines.
- bc) A project owner undertaking by himself, sans the service of a constructor, the construction of a project intended for sale, lease, commercial/industrial use or any other income generating purpose.

Sec. 3.2 License Validity

a) Regular License

A Regular License shall be valid for one fiscal year, from the 1st of July to the 30th of June of the ensuing year, unless suspended, invalidated, cancelled or revoked earlier by the Board, and shall be renewed annually. A license issued after the 1st of July shall be valid for the remaining part of the fiscal year.

b) Special License

A Special License, shall be cancelled by the Board upon completion of the single specific undertaking/project authorized by the license and to which it is, therefore, restricted, even though before expiry of the fiscal year.

Sec. 3.3 Terms and Conditions of a Contractor's License.

- a) The License is non-transferable.
- b) The License is valid during the contracting fiscal year (July 1 to June 30) for which it was issued provided it has not been suspended, cancelled or revoked by the Board.
- c) The license is to be renewed annually on or before the expiration of its validity.
- d) The Licensee must not submit any bid, or enter into any construction

contract after the License has expired and before the same is renewed otherwise the constructor shall be deemed to be operating without a contractor's License and shall be liable to appropriate disciplinary action and payment of additional License fee.

- e) The Licensee must not undertake/implement any construction project which is not within the scope of his License classification otherwise he shall be liable to appropriate disciplinary action and payment of additional licensing fee.
- f) The Licensee's qualification is subject to review at any time to ascertain the constructor's eligibility to the present classification and category of his License.
- g) License category may be upgraded and other classification(s) may be added to the license upon formal application by the Licensee together with all the necessary supporting documents.
- h) The Licensee must notify the Board in writing of resignation or disassociation of any of its Sustaining Technical Employee and must replace the said employee within a period of ninety days from the date of resignation or disassociation.
- i) The Licensee must submit to the Board monitoring reports that may be required from time to time.
- j) The Licensee must observe and abide by the provisions of Republic Act No. 4566, as amended by Presidential Decree No. 1746, its implementing Rules and Regulations, and other orders or instructions which the Board may issue from time to time pursuant to its power and authority under the Law.
- k) The Licensee must at all times observe and adhere to the letters and spirit of the code of ethics for constructors.
- l) Any misrepresentation or false information submitted to the Board shall subject the Licensee to administrative disciplinary action without prejudice to the imposition of penal sanctions provided by law.
- m) A Licensee who is retiring from the construction business must advise the Board in writing and must immediately surrender the license to the Board for cancellation.

#### Sec. 3.4 The License and License Certificate

The License shall authorize the Licensee to engage in construction contracting in the Philippines, subject to License type and classification restrictions as stipulated in Sec. 3.1 and 5.4 hereof. The License shall be in the name of the successful License applicant, whether a sole proprietorship, partnership, corporation, joint venture, consortium or any other association. Each Licensee, even one of multiple classifications, shall be issued only one License.

The License certificate shall bear, among others, the following information:

- a) Name of Licensee with name of the Authorized Managing Officer or proprietor, if a sole proprietorship, appended thereto;
- b) License number;
- c) Date of issue and date of expiry;
- d) Contracting classification(s) with, if a multi-classification constructor, the Principal classification identified as such;
- e) Constructor category;
- f) If a Special License, identification of the single specific undertaking/project thereby authorized and other condition(s) as may have been imposed; and
- g) Signatures of the Chairman and members of the Board and the Chairman of the Authority.

The Special License certificate shall be of a title indicative of its type and numbered in a series separate from that of the Regular License. The Board, at its own discretion, may adopt a different medium of certification for the Special License.

In any revision of a constructor's License which necessitates a change in any of the information on the License certificate, the certificate previously issued him shall be submitted to the Board for annotation thereon.

#### RULE 4 REQUIREMENTS FOR LICENSING

##### Sec. 4.1 Qualifications for Licensing

To be eligible as a candidate for licensing, an applicant shall have the following minimum qualifications deemed by the Board to be necessary for the safety of the public and the interest of both the public and the construction industry;

- a) He must, by virtue of his Sustaining Technical Employee or by himself, if sole-proprietor-applicant, have at least two (2) years of construction implementation experience, and knowledge of Philippine construction-building codes and ordinances, labor safety codes and other laws applicable to construction operation, subject to the nomination requirement as provided for under Section 4.2 hereof.
- b) He must, by virtue of his Authorized Managing Officer or by himself, if a sole-proprietor-applicant, have at least two (2) years of experience in construction contracting; business management and contract administration, and knowledge of Philippine laws on contracts, liens, taxation, labor and other construction business matters, subject to the nomination requirement as provided for under Section 4.3 hereof.
- c) He must have a stockholders/owner's equity or networth of at least the amount required to qualify for the lowest constructor category; and

d) If a partnership or corporation, the applicant firm shall have, in its Articles of Partnership/Incorporation, construction as a primary purpose, or as a division or department separate and distinguishable from the overall organization of the firm.

The foregoing notwithstanding, the eligibility of an applicant shall be further contingent upon his non-possession of any of the disqualifications for or impediments to licensing as stipulated in Sec. 11.1 hereof.

\* increased to three(3) years on 23 August 1988 Board Meeting

#### Sec. 4.2 Sustaining Technical Employee

A Sustaining Technical Employee shall be nominated by the constructor from among his technical personnel and whose training and experience shall be considered by the Board in determining the appropriate contracting classification(s) and/or category of the constructor as may be sustained by such qualifications. To fully qualify for the said nomination, the Sustaining Technical Employee, in addition to the requirement stated in Section 4.1(a) hereof, must:

a) Be a technology professional licensed by the Professional Regulation Commission and of academic discipline relevant to the classification of his intended assignment; provided that, in lieu thereof:

aa) A licensed technology professional of any other academic discipline but who has been employed, in a managerial/supervisory capacity, by a constructor in construction of a classification for at least four(4) years immediately prior to his nomination, may be deemed eligible by the Board for nomination to the classification by the constructor; and

ab) For trade category with Specialty Classification, an individual with two years construction implementation experience in the specialty classification to which he is being nominated shall suffice.

b) Be a full-time employee of the nominating constructor; not associated professionally or employment-wise with any other party, particularly one engaged in construction or construction-related activities; except a party affiliated with the nominating constructor or with whom such association is deemed by the Board to be not undesirable nor incompatible with his role as a Sustaining Technical Employee; and

c) Have none of the following disqualifications:

ca) Involvement in any construction malperformance of grave consequence, in any capacity and deemed by the Board to be suggestive of his negligence, incompetence and/or malpractice;

cb) Involvement in any act or omission liable for disciplinary action as stipulated in Sec. 11.2 hereof, by himself or in collaboration with any other person or firm and of which he or the other person or firm was found guilty by the Board;

cc) Conviction by a court of competent jurisdiction of any offense