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RMC NO. 79-2016: Publishing the Daily Minimum Wage Rates in National Capital Region Pursuant to Wage Order No. NCR-20

This Circular publicizes Wage Order No. NCR-20 on the wage increase in the national capital region (NCR). Pursuant to the power and authority vested under Republic Act No. 6727 (The Wage Rationalization Act), the Regional Tripartite Wages and Productivity Board, National Capital Region (RTWPB-NCR) issued the Wage Order effective 2 June 2016:

A. New Minimum Wage Rates

Upon effectivity of the Wage Order, the **P15.00** COLA per day under Wage Order No. NCR-19 shall be integrated into the Basic Wage and a New COLA of **P10.00** per day shall be added.

Sector/Industry	Basic Wage	COLA integration	New Basic Wage	New COLA	New Minimum Wage Rates
Non-Agriculture including Private Hospitals with bed capacity of 100 or less	P 466.00	P15.00	P481.00	P10.00	P491.00
Agriculture (Plantation and Non Plantation)	P 429.00	P 15.00	P 444.00	P 10.00	P 454.00
Retail/Service Establishments employing 15 workers or less	P 429.00	P 15.00	P 444.00	P 10.00	P 454.00
Manufacturing Establishments regularly employing less than 10 workers	P 429.00	P 15.00	P 444.00	P 10.00	P 454.00

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The Wage Order was issued on May 17, 2016 and covers the cities of Caloocan, Las Pinas, Makati, Malabon, Navotas, Mandaluyong, Manila, Marikina, Muntinlupa, Paranaque, Pasay, Pasig, Quezon, San Juan, Taguig, and Valenzuela, and the Municipality of Pateros. For the full version of the revenue memorandum circular, please visit the BIR website: <http://www.bir.gov.ph>

Note: Several Wage Orders have been issued for the following regions:

Region I (Ilocos): Wage Order No. RB 1-18 (Effective: October 2, 2016)

Region XIII Caraga: Wage Order No. RXIII-DW-01 (Effective October 12, 2016)

Region XII, SOCCSKSARGEN: Wage Order No. RB XII-19 (Effective: October 09, 2016)

Region IX, Zamboanga Peninsula: Wage Order No. RIX-19 (Effective October 01, 2016)

For the full version of the Wage Orders, please refer to the website of the National Wages and Productivity Commission (NWPC) at <http://www.nwpc.dole.gov.ph>.

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RMO No. 42-2016: PRESCRIBING THE GUIDELINES AND PROCEDURES IN THE IMPLEMENTATION OF REPUBLIC ACT NO. 9505, OTHERWISE KNOWN AS THE PERSONAL EQUITY AND RETIREMENT ACCOUNT (PERA) ACT OF 2008

The objectives of this Memorandum Order issued on July 21, 2016 are the following:

1. To set the guidelines and procedures for proper administrative reporting of PERA transactions ;
2. To provide the procedures that will serve as guide to the concerned offices;
3. To prescribe simplified procedures and uniform formats for PERA-related forms and reports; and
4. To establish a system for coordinated monitoring of tax privileges and incentives granted to qualified PERA contributions.

The following are the guidelines for proper reporting of PERA transactions:

1. The BIR's PERA Processing Office shall accept only Applications for Accreditation

(BIR Form No. 1941) filed by pre-qualified PERA Administrator based on "Qualification Certificate" issued by the concerned Regulatory Authority.

2. Upon approval, the AITEID shall issue Certificate of Accreditation (BIR Form No. 2336) to the PERA Administrator, a copy of which shall be transmitted to the concerned RDOs/Offices under the Large Taxpayers Service (LTS) having jurisdiction over the PERA Administrator.

3. The accreditation of a PERA Administrator shall be valid from the date of issuance of the Certificate of Accreditation until it is suspended or revoked for violation of any of the provisions of Republic Act (RA) 9505.

4. The PERA Administrator shall be designated by the Contributor to handle the administration of PERA established by the employee.

5. Contributions to PERA can come from employees and/or their employers or self employed individuals which shall not exceed Php100,000.00 per calendar year, or Php200,000.00 per calendar year if the contributor is an OFW.

6. A Contributor may create and maintain a maximum of five (5) PERAs at any one time.

7. An employee or self-employed qualified Contributor shall be entitled to a five percent (5%) tax credit of the aggregate qualified PERA contributions made in a calendar year.

8. A qualified employer's contribution to the employee's PERA shall not be entitled to 5% tax credit but the same shall be exempt for withholding on compensation and can be claimed as a deduction from its gross income.

9. An employee or self-employed or Overseas Filipino Contributor retains the prerogative to make investment decisions pertaining to his PERA.

10. All incomes earned from the investments and re-investments of PERA assets in PERA investment products accredited by the concerned Regulatory Authority shall be exempt from income taxes.

11. The PERA Administrator shall submit, thru the AITEID e-mail, the quarterly and annual reports of PERA transactions.

12. The concerned RDOs/Offices under the LTS having jurisdiction over the

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PERA Administrator may recommend the disqualification, suspension, or revocation of accreditation of PERA Administrator.

13. The concerned RDOs/Offices under the LTS having jurisdiction over the PERA Administrator shall validate the computed amount of penalties imposed on the Contributor on his/her early withdrawal or termination.

14. All the concerned offices shall monitor the compliance of all PERA Administrators under their respective jurisdiction.

15. All data pertaining to PERA transactions shall be considered strictly confidential and shall be utilized exclusively for internal revenue tax purposes.

For the full version of the memorandum order and the list of Qualified PERA Distributions (QPD), please visit the BIR website: <http://www.bir.gov.ph>

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BOA-Resolution No. 70, s2016: Approval and Submission of the pronouncements to the Board for Approval by the Auditing and Assurance Standards Council (AASC).

The following have been approved by AASC, BOA, PRC, and published in the Official Gazette as of September 2016:

1. PSA 610 (Revised 2013) Using the Work of Internal Auditors and Related Conforming Amendments;

This PSA deals with the external auditor's responsibilities if using the work of internal auditors. This includes:

- using the work of the internal audit function in getting audit evidence; and
- using internal auditors to deliver direct assistance under the direction, supervision and review of the external auditor.

However, this PSA does not apply if the entity does not have an internal audit function. Furthermore, the requirements in this PSA regarding direct assistance cannot be applied if the external auditor does not plan to use internal auditors to provide

direct assistance. In addition, this PSA also addresses the external auditor's responsibilities if considering using internal auditors to provide direct assistance under the direction, supervision and review of the external auditor.

Effective date: This PSA is effective for audits of financial statements for periods ending on or after December 15, 2013, except when pertaining to the use of internal auditors to provide direct assistance, which is effective for audits of financial statements for periods ending on or after December 15, 2014.

2. PSAE 3410 Assurance Engagements on Greenhouse Gas Statements;

This PSAE deals with assurance engagements to report on an entity's greenhouse gas (GHG) statement and does not deal with assurance engagements to report on the following:

- a. Statements of emissions other than GHG emissions;
- b. Other GHG-related information, such as product lifecycle "footprints," hypothetical "baseline" information, and key performance indicators based on emissions data; or
- c. Instruments, processes or mechanisms.

However, where an entity's GHG statement includes emissions deductions that are subject to assurance, the requirements of this PSAE apply in relation to those emissions deductions as appropriate.

Effective Date: This PSAE is effective for assurance reports covering periods ending on or after September 30, 2013.

3. PSRS 4410 (Revised) Compilation Engagements; and

This Philippine Standard on Related Services (PSRS) deals with the practitioner's responsibilities when engaged to support management with the preparation and presentation of historical financial information without attaining any assurance on that information. This also applies to compilation engagements for historical financial information and to compilation engagements for non-financial information.

Effective Date: This PFRS is effective for compilation engagement reported dated on or after July 1, 2013.

4. PSRE 2400 (Revised) Engagements to Review Historical Financial Statements.

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This Philippine Standard on Review Engagements (PSRE) deals with:

- The practitioner's responsibilities when engaged to perform a review of historical financial statements--when the practitioner is not the auditor of the entity's financial statements; and
- The form and content of the practitioner's report on the financial statements.

However, this PSRE does not address a review of an entity's financial statements or interim financial information performed by a practitioner who is the independent auditor of the entity's financial statements. This PSRE is to be applied to reviews of other historical financial information.

Effective Date: This PSRE is effective for reviews of financial statements for periods ending on or after December 31, 2013.

To see the full versions of the pronouncements, please visit the Auditing and Assurance Standards Council: <http://www.aasc.org.ph/>

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LABOR ADVISORY NO. 10, s2016: PROHIBITION AGAINST LABOR-ONLY CONTRACTING

The Department of Labor and Employment (“DOLE”) issued Labor Advisory No 10-2016 on July 28, 2016:

“Pursuant to Article 5 and 106 to 109 of the Labor Code, as amended, and consistent with the policy directives to strictly implement and enforce the workers’ rights to security of tenure, the following are hereby issued:

Section 1. Prohibition against labor-only contracting. – Labor-only contracting shall be declared prohibited. For this purpose, labor-only contracting shall refer to an arrangement where the contractor or subcontractor merely recruits, supplies or places workers to perform a job, work or service for a principal, and the following elements are present:

a) The contractor or subcontractor does not have substantial capital or investment in the form of tools, equipment, machineries, work premises, among others, and the workers recruited and placed by such person are performing activities which are directly related to the principal business of such employer. In

such cases, the person or intermediary shall be considered merely as an agent of the employer who shall be responsible to the workers in the same manner and extent as if the latter were directly employed by him; or

b) The contractor does not exercise the right of control over the performance of the work of the employee.

Section 2. Declaration of labor-only contracting; Effect. – Pursuant to Article 128 of the Labor Code of the Philippines, as amended, and existing jurisprudence¹, Regional Directors shall have authority to declare the existence of labor-only contracting between the contractors and subcontractors, and the principals. Workers of labor-only contractor/subcontractor are considered employees of the principal”

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MEMORANDUM CIRCULAR NO. 16, s2016: Revisions in the GENERAL INFORMATION SHEET AND NOTIFICATION UPDATE FORM

The Commission En Banc approved the following revisions in the form for General Information Sheet (GIS) and Notification Update Form (NUF):

1. In the GIS, the column for the Tax Identification Numbers (TIN) of the Board of Directors/Trustees, Officers, Stockholders/ Members of domestic corporations and Resident Agent and officers in the Philippines of foreign corporations shall be accomplished in a separate sheet denoted as TIN page;
2. In the NUF for foreign corporations the column for the TIN of Officers shall be accomplished in a separate sheet denoted as TIN page;
3. The residential addresses of the Directors/ Trustees, Officers and Stockholders on pages 3 and 4 of the GIS for stock and non-stock corporations and Resident Agent and Officers in the NUF for foreign corporations shall likewise be indicated in the TIN Page; and

4. The Corporate Secretary's Certificate of the GIS for stock and non-stock corporation shall read as follows:

"I, _____, CORPORATE SECRETARY OF THE ABOVE-MENTIONED CORPORATION, DECLARE UNDER THE PENALTY OF PERJURY, THAT ALL MATTER SET FORTH IN THIS GENERAL INFORMATION SHEET CONSISTING OF _____ () PAGES HAVE BEEN MADE IN GOOD FAITH, DULY VERIFIED BY ME AND TO THE BEST OF MY KNOWLEDGE AND BELIEF, ARE TRUE AND CORRECT.

I HEREBY CERTIFY THAT THE PERSONS INDICATED AS MEMBERS OF THE BOARD OF DIRECTORS/ TRUSTEES AND OFFICERS OF THE CORPORATION HAD CONSENTED TO BE NOMINATED AND ELECTED.

I UNDERSTAND THAT THE FAILURE OF THE CORPORATION TO FILE THIS GIS FOR FIVE (5) CONSECUTIVE YEARS SHALL BE CONSTRUED AS NON-OPERATION OF THE CORPORATION AND A GROUND

FOR THE REVOCATION OF ITS CERTIFICATE OF INCORPORATION. IN THIS EVENTUALITY, THE CORPORATION HEREBY WAIVES ITS RIGHT TO A HEARING FOR THE SAID REVOCATION."

The Circular was published on September 28, 2016. These revised GIS and NUF shall be available in the SEC Website for downloading and shall be used by corporations starting January 2017.

To see the new secretary's certification page of the GIS for corporations, please visit the SEC website: <http://www.sec.gov.ph>.

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MEMORANDUM CIRCULAR NO. 2016-035: DOF-DTI Joint Memorandum Circular No. 1-2016 Clarifying Certain Provisions of DOF-DTI Joint Administrative Order No. 1-2016, entitled “Rules and Regulations to Implement Republic Act No. 10708, otherwise known as the “Tax Incentives Management and Transparency Act (TIMTA)”

The Joint Memorandum Circular was issued by the Department of Finance and the Department of Trade and Industry on September 30, 2016 to clarify certain provisions of Joint Administrative Order (JAO) No. 1-2016 (Rules and Regulations to Implement Republic Act No. 10708).

The following are the key provisions of JMC No. 01-2016, which includes amendments of certain provisions of JAO No. 1-2016:

1. **The deadline of submission of the reports** for both income-based tax incentives and value-added tax (VAT) and duty exemptions by RBEs covering **Taxable Year 2015** is amended, as follows:

Submission by RBEs to PEZA	Submission by IPAs to BIR of Consolidated Annual Tax Incentives Reports and to the NEDA Secretariat of Aggregate Annual Tax Incentives Report
November 15, 2016 <i>(from original due date of September 15, 2016 under JAO 1-2016)</i>	December 30, 2016 <i>(from original due date of November 15, 2016 under JAO 1-2016)</i>

Incentives Reports for **Taxable Year 2016** shall be as follows:

(see table of schedule on the next page)

2. Only Registered Business Entities (RBEs) availing of incentives are mandated to submit the Annual Tax Incentives Report (Annex A.1 and Annex A.2 of JAO No. 1-2016) to their respective Investment Promotions Agency (IPA).

3. RBEs employing the Fiscal Year accounting period shall state in the title of their Annual Tax Incentives Report-Income-based Tax Incentives (Annex A.1 of JAO No. 1-2016) the ending date of their fiscal year.

4. Deadline of Submission of Annual Tax

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Accounting Period Ending	Statutory Deadline for filing the Final Adjustment Return and payment of tax due thereon, if any	Submission of Annual Tax Incentives Report to PEZA
31 January 2016	15 May 2016	15 December 2016
29 February 2016	15 June 2016	
31 March 2016	15 July 2016	
30 April 2016	15 August 2016	
31 May 2016	15 September 2016	
30 June 2016	15 October 2016	
31 July 2016	15 November 2016	
31 August 2016	15 December 2016	
30 September 2016	15 January 2017	14 February 2017
31 October 2016	15 February 2017	17 March 2017
30 November 2016	15 March 2017	14 April 2017
31 December 2016	15 April 2017	15 May 2017

5. Submission of Annex A2 of JAO No. 1-2016 or Annual Tax Incentives Reports-VAT, Excise Tax and Duty-Based Incentives for the year 2016 (calendar) shall be submitted on or before 15 March 2017, regardless of accounting period.

6. Deadline for submission of reports for Taxable year 2017 and subsequent years is provided in JMC No. 01-2016.

To see the full version of the joint memorandum circular, please visit the PEZA website: [http:// www.peza.gov.ph](http://www.peza.gov.ph).

For any clarification on the Report Forms, please contact the PEZA-Incentives Management Division at 551-9540 loc. 421,422 or 426 or email totimta@peza.gov.ph

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