



Outsourcing brief

April - June 2013



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BIR updates

RR 11-2013: Filing/Submission of hard copy of the Certificate of Compensation Payment/Tax Withheld (BIR Form 2316) covering employees who are qualified for substituted filing

The Bureau of Internal Revenue (BIR) issued Revenue Regulation No. (RR) 11-2013 on May 20, 2013, requiring employers to furnish each of their employees with the original copy of the BIR Form 2316 in cases covered by substituted filing, and file/submit to the BIR the duplicate copy not later than February 28 following the close of the calendar year.

In general, every employer or other person who is required to deduct and withhold the tax on compensation, including fringe benefits given to rank and file employees, shall furnish every employee from whose compensation taxes have been withheld BIR Form 2316 on or before January 31 of the succeeding calendar year; if employment is

terminated before the close of such calendar year, the deadline will be the day when the last payment of compensation is made. Failure to furnish the same shall be grounds for the mandatory audit of the payor's income tax liabilities (including withholding tax) upon verified complaint of the payee.

Employers of minimum wage earners (MWEs) are still required to issue BIR Form 2316 (June 2008 ENCS version) to the MWEs on or before January 31 of the following year.

As a rule, the employer shall furnish each employee with the original and duplicate copies of BIR Form 2316 showing the following:

- name and address of the employer
- employer's tax identification number (TIN)
- name and address of the employee
- employee's TIN
- amount of exemptions claimed

- amount of premium payments on health and/or hospitalization insurance not exceeding P2,400, if any
- the sum of compensation paid including the non-taxable benefits
- the amount of statutory minimum wage received by MWEs
- overtime pay, holiday pay, night shift differential pay and hazard pay received by MWEs
- the amount of tax due
- the amount of tax withheld during the calendar year and such other information as may be required.





BIR updates

The statement must be signed by both the employer or other authorized officer and the employee, and shall contain a written declaration that it is made under the penalties of perjury. If the employer is the Government of the Philippines, its political subdivision, agency or instrumentality or a government-owned or -controlled corporation, the statement shall be signed by the duly designated officer or employee.

Any employer/withholding agent, including the government or any of its political subdivisions and government-owned or -controlled corporations, that fails to comply with the filing/submission of the duplicate copy of the BIR Form 2316 after February 28 following the close of the calendar year may be held liable under Section 250 of the Tax Code, reading, *“In the case of each failure to file an information return, statement or list, or keep any record, or supply an information required by this Code or by*

the Commissioner on the date prescribed therefor, unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall, upon notice and demand by the Commissioner, be paid by the person failing to file, keep or supply the same, one thousand pesos (P1,000) for each such failure: Provided, however, that the aggregate amount to be imposed for all such failures during a calendar year shall not exceed twenty-five thousand pesos (P25,000).”

However, any employer/withholding agent, including the government or any of its political subdivisions and government-owned and -controlled corporations, that fails to comply with the above filing/submission of BIR Form 2316 within the time required by this Regulation for two consecutive years may be dealt with in accordance with Section 255, which provides in part that *“Any person required under this Code or by rules and regulations promulgated thereunder to pay any tax, make any return, keep any record,*

or supply correct and accurate information, who willfully fails to pay such tax, make such return, keep such record, or supply such correct and accurate information, or withhold or remit taxes withheld, or refund excess taxes withheld on compensation, at the time or times required by law or rules and regulations, shall, in addition to other penalties provided by law, upon conviction thereof, be punished by a fine of not less than ten thousand pesos (P10,000) and suffer imprisonment of not less than one (1) year but not more than ten (10) years.”

In settlement under this situation, the compromise fee shall be P1,000 for each BIR Form 2316 not filed without any maximum threshold.

The regulation shall take effect beginning with the calendar year 2013. For the full version of the Revenue Regulation, please refer to the BIR website: www.bir.gov.ph.





DOLE updates

Wage increases granted in Regions IV-B, XIII, IX and X

The Regional Tripartite Wages and Productivity Board of various regions granted wage increases as follows:

Region IV-B (Occidental Mindoro, Oriental Mindoro, Marinduque, Romblon and Palawan or MIMAROPA)

Wage Order No. IVB – 06

Effective February 1, the Wage Order granted a P5 Cost-of-Living-Allowance (COLA), and increase in basic pay from P1 to P66 per day.

New minimum wage rates Region IV-B, MIMAROPA per Wage Order No. IVB-06 (effective 1 February 2013)

Industry sector	Areas											
	Highly urbanized city (Puerto Princesa)			Calapan, Puerto Galera, El Nido and Coron			First class municipalities of MIMAROPA			The rest of the region		
	Basic	COLA	Total	Basic	COLA	Total	Basic	COLA	Total	Basic	COLA	Total
Non-agriculture Industry/services												
Establishments with more than 10 workers	270.00	5.00	275.00	265.00	5.00	270.00	255.00	5.00	260.00	250.00	5.00	255.00
Establishments with 10 workers and below	210.00	5.00	215.00	205.00	5.00	210.00	202.00	5.00	207.00	200.00	5.00	205.00
Agriculture	220.00	5.00	225.00	220.00	5.00	225.00	210.00	5.00	215.00	210.00	5.00	215.00





DOLE updates

**Region XIII (Agusan del Norte, Agusan del Sur, Surigao del Norte, Surigao del Sur, Dinagat Island and the Cities of Butuan, Surigao, Bislig, Cabadbaran, Bayugan and Tandag or CARAGA)
Wage Order No. RXIII – 12**

Effective May 21, the Wage Order granted a P10/day basic wage increase and integration into the basic pay the P2 from the P17/day COLA under Wage Order RXIII – 11.

**New minimum wage rates: Region III, CARAGA
per Wage Order No. RXIII-12 (effective 21 May 2013)**

Industry sector	Basic wage	COLA	Total
Non-agriculture	253.00	15.00	268.00
Agriculture			
Plantation	243.00	15.00	258.00
Non-plantation	223.00	15.00	238.00
Retail and service			
Employing 10 workers or less	223.00	15.00	238.00
Employing more than 10 workers	253.00	15.00	268.00



**Region IX (Cities of Zamboanga, Pagadian, Dipolog, Dapitan and Isabela, and the Provinces of Zamboanga del Sur, Zamboanga del Norte and Zamboanga Sibugay or Zamboanga Peninsula)
Wage Order No. RIX – 18**

Effective June 10, the Wage Order granted a P13/day wage increase for all industries and categories.

**New minimum wage rates: Region IX, Zamboanga Peninsula
per Wage Order No. RIX-18 (effective 10 June 2013)**

Industry sector	Basic wage	Daily wage increase	Total
Non-agriculture	267.00	13.00	280.00
Agriculture			
Plantation	242.00	13.00	255.00
Non-plantation	222.00	13.00	235.00
Retail and service			
Employing more than 30 workers	247.00	13.00	260.00
Cottage and handicraft	222.00	13.00	235.00



DOLE updates

Region X (Northern Mindanao)

Wage Order No. RX – 17

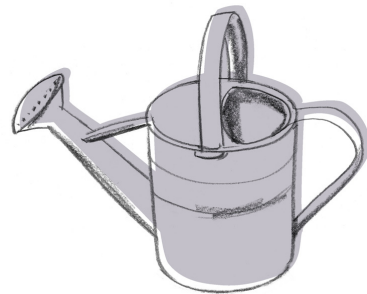
The Wage Order provided the following to all minimum wage earners in the region:

- Effective June 20, 2013, P20/day: P10 basic wage and P10 COLA
- Effective January 1, 2014, P10 COLA to be integrated into the basic pay
- For sugar industry, P3 – P327 *pakyaw* rate increase upon effectivity

For the full version of the Wage Orders, please refer to the website of the NWPC: www.nwpc.dole.gov.ph.

New minimum wage rates: Region X, Northern Mindanao
per Wage Order No. RX-17 (effective 20 June 2013)

Classification	Non-agriculture			Agriculture		
	Basic	COLA	Total	Basic	COLA	Total
Wage category I	296.00	10.00	306.00	284.00	10.00	294.00
Wage category II	291.00	10.00	301.00	279.00	10.00	289.00
Wage category III	286.00	10.00	296.00	274.00	10.00	284.00
Wage category IV	281.00	10.00	291.00	269.00	10.00	279.00





PhilHealth updates

PhilHealth Circular No. 01, s2013: Amendment to PC No. 050, s2012 on the Updated Documentary Requirements for Benefit Availment

In order to facilitate and foster convenience in benefits availment of PhilHealth members and their qualified dependents, the PhilHealth Number Card (PNC)/PhilHealth Identification Card (PIC) or Member Data Record (MDR) shall be considered valid proof of membership in the National Health Insurance Program (NHIP). The PhilHealth Engaged/Accredited Institutional Healthcare Provider (IHCP) shall ensure the bearer is the same person whose name appears on the PNC or MDR, otherwise an authorization from the member or card owner shall be required.

For all Sponsored Program (SP) Members, in case the PIC, PNC or MDR is not available, the original copy of the Certification (Form

CE-1) duly issued by authorized PhilHealth personnel at the PhilHealth Regional Office (PRO)/ Local Health Insurance Office (LHIO) will suffice in ensuring that the SP member will be able to avail of NHIP benefits. The IHCP shall ensure the bearer of the CE-1 Form is the same person whose name appears on the said Form.

PhilHealth Circular No. 04, s2013: Re-imposition of interest on employers' non- and/or late remittances of PhilHealth premium contributions

Pursuant to PhilHealth Circular No. 04, s2013, PhilHealth has begun re-imposing interest charges on employers for non-remittance and late remittance of premium contributions. The re-imposition of interest aims to further enhance collection of premium contributions geared towards the actuarial sustainability of the NHIP.

The following guidelines are to be observed in the imposition of interest on employers' non- and/or late remittances:

1. Employers are mandated to remit the monthly premium contribution of employed members on or before the 10th calendar day of the month following the applicable month. In case the deadline of payment falls on a Saturday, Sunday or a holiday, payment should be made on the next working day.
2. All premium contribution payments beyond these set due dates shall automatically be charged a 2% monthly interest to be computed as follows:

$$\text{Interest} = \text{Remittable Amount} \times 2\% \times (\text{Number of Days Delayed} / 30 \text{ days})$$





PhilHealth updates

In the computation of interest, the number of days delayed is arrived at by counting from the day immediately after the deadline to the actual date of remittance, inclusive of Saturdays, Sundays and non-working holidays.

3. In case of remittances made prior to the deadline that are later found to be insufficient, the balance or deficit amount shall be subject to interest.
4. Premium remittance made after the due date shall be made at the nearest PhilHealth Office/LHIO subject to the imposition of the applicable interests. Settlement for interests shall be made separately and directly to the PRO/LHIO that manages the accounts of the employers. A separate official receipt shall be issued to acknowledge payment of interest.

5. In cases where the premium arrearages exceed P1 million, the defaulting employer may request in writing for an installment payment scheme. The following additional monthly surcharges are to be imposed on the total arrearages inclusive of the imposable interest due:

- 13 to 24 monthly installments – 1%
- 25 to 36 monthly installments – 2%
- 37 to 48 monthly installments – 3%
- 49 to 60 monthly installments – 4%

For the full versions of the PhilHealth Advisory Circulars, please refer to the PhilHealth website: www.philhealth.gov.ph.





SEC updates

SEC MC No. 6, s2013: Transition to new and amended Philippine Financial Reporting Standards effective 1 January 2013

The Securities and Exchange Commission (SEC) allowed all corporations that are required to

submit interim financial statements to present the prescribed information and to recognize the impact of the following standards in their interim financial statements starting with the period ended June 30, 2013:

Title	Standards
PAS 27 (Amended)	Separate financial statements
PAS 28 (Amended)	Investments in associates and joint ventures
Amendments to PFRS 1	Government loans
Amendments to PFRS 7	Disclosures – Offsetting financial assets and financial liabilities
PFRS 10	Consolidated financial statements
PFRS 11	Joint arrangements
PFRS 12	Disclosure of interests in other entities
PFRS 13	Fair value measurement

The interim financial statements as of 30 March 2013 shall contain the following disclosures:

a. Whether or not the above standards are applicable to the company; and

b. If yes, whether or not the company is currently evaluating the impact based on audited figures as of December 31, 2012.

Balance sheet

	In	Out	In	Out
Page 1	11,000	2,000	4,000	2,000
Page 2	1,000	1,000	1,000	1,000
Page 3	1,000	1,000	1,000	1,000
	13,000	4,000	6,000	4,000
Page 4				
Page 5				
Page 6				
Page 7				
Page 8				
Page 9				
	13,000	4,000	6,000	4,000
Page 10				
Page 11				
	13,000	4,000	6,000	4,000
Page 12				
Page 13				
Page 14				
Page 15				
	13,000	4,000	6,000	4,000



SEC updates

SEC MC No. 10, s2013: Amendments in prescribed General Information Sheet (GIS)

The SEC approved the following amendments in the existing GIS forms:

1. The number of copies to be submitted from five to four copies
2. The requirement of TIN for foreign nationals who are directors/trustees, officers, stockholders/members and resident agents of both domestic and foreign corporations instead of the passport in accordance with MC No. 1, s2013
3. Inclusion of “Gender/Sex” in the page for directors, trustees and officers in accordance with the Commission’s Resolution No. 227, s2013

4. Inclusion of page 1-A pursuant to Anti-Money Laundering Act, as amended

Accordingly, the new GIS forms shall be used by corporations beginning 3 June 2013. The soft copies of the GIS forms are available for download at www.sec.gov.ph.

SEC MC No. 11, s2013: Financial statements to support an application for a license to transact business in the Philippines

In line with Administrative Order No. 38 on Ease of Doing Business Reforms, the SEC revised the requirements on financial statements and supporting documents that shall be submitted with an application of a foreign corporation for a license to

transact business in the Philippines, as follows:

1. For those whose home country requires audited financial statements (AFS), the applicant shall submit the AFS as of date not exceeding one year immediately prior to the filing of the application.

If the date of the AFS exceeds the one-year requirement, the following shall be submitted:

- a. AFS that are available as of date of filing of the application; and
- b. Unaudited financial statements (UFS) as of date not exceeding one year immediately prior to the filing of the application





SEC updates

2. For those whose home country does not require AFS, the applicant shall submit the UFS as of a date not exceeding one year immediately prior to the filing of the application provided that the UFS shall be accompanied by a certification signed under oath by an officer of a responsible regulatory institution or by the applicant's legal counsel that the applicant is not required to prepare and submit AFS, with a citation of the law or regulation on which it is based.

The aforementioned AFS and UFS must be signed under oath by the president or any other person authorized by the corporation. No authentication shall be necessary if the signatory to the said financial statements is the same as that in the corporation's application.

Pursuant to Section 125 of the Corporation Code, the applicant's financial statements must show that it is solvent and in sound financial condition.





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