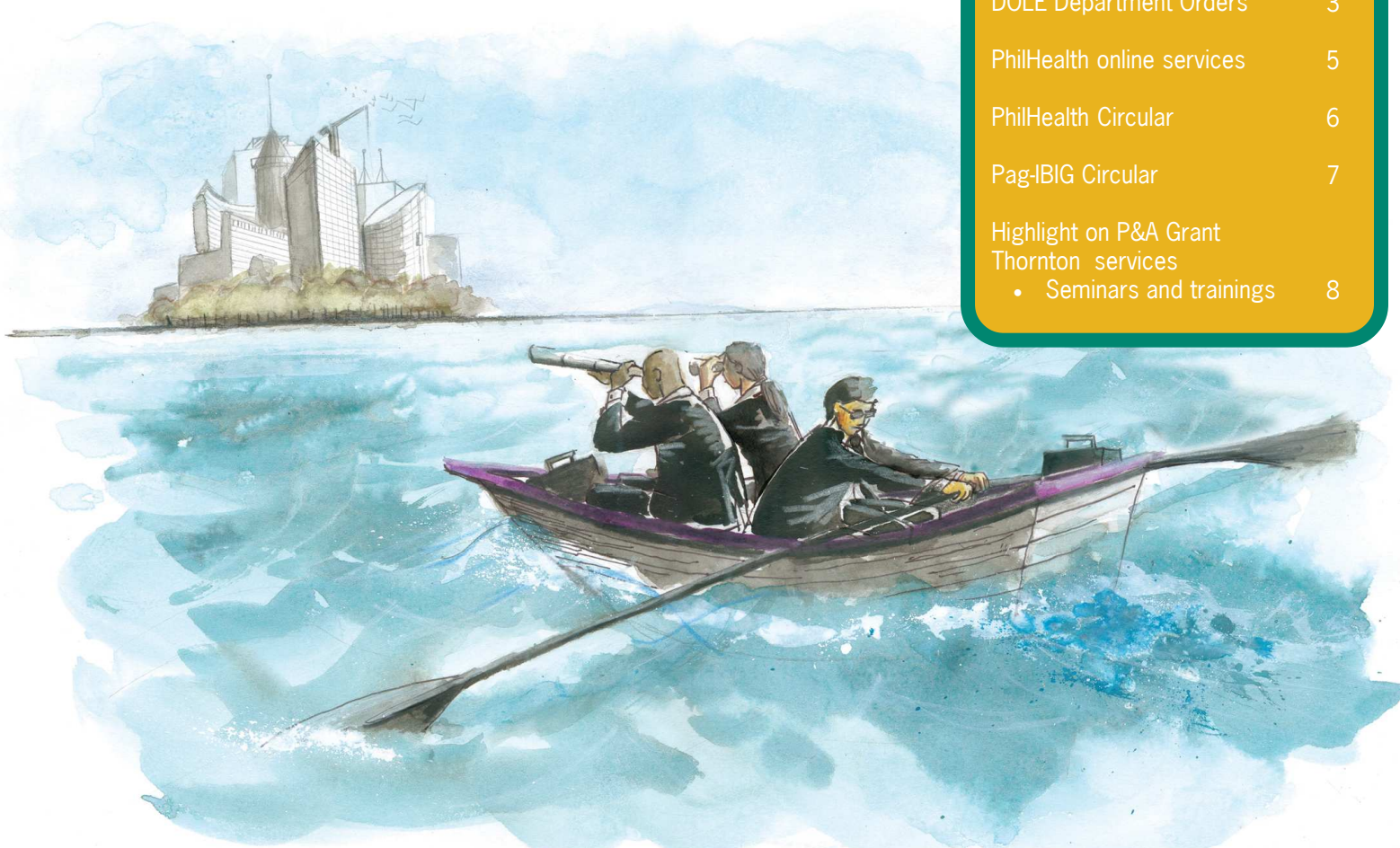


January - March 2012

Outsourcing brief

Contents

BIR Issuance	2
DOLE Department Circular	2
DOLE Department Orders	3
PhilHealth online services	5
PhilHealth Circular	6
Pag-IBIG Circular	7
Highlight on P&A Grant Thornton services	
• Seminars and trainings	8



BIR Issuance

Mandatory submission of quarterly SLSP

On February 20, 2012, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. (RR) 1-2012, which requires the mandatory submission of quarterly summary list of sales and purchases (SLSP) by all Value-Added Tax (VAT) registered taxpayers, thereby amending Section 4.114-3 of RR 16 -2005, as amended, otherwise known as the Consolidated Value-Added Tax Regulations of 2005.

SECTION 4.114-3 (a). Submission of Quarterly Summary List of Sales and Purchases is modified as follows:

1. Persons required to submit summary lists of sales - All persons liable for VAT such as manufacturers, wholesalers, service-providers, among others are required to submit Summary List of Sales.

2. Persons required to submit summary lists of purchases - All persons liable for VAT such as manufacturers, service-providers, among others are required to file Summary List of Purchases.

Moreover, Section 4.114-3(e) 7 has also been modified to provide that the quarterly SLSP shall be submitted through compact disk-recordable (CDR) medium following the format provided in Subsection (g) of the regulations.

All reference to “magnetic form 3.5-inch floppy diskettes” in RR 16-2005 shall henceforth refer to “Compact Disk-Recordable (CDR)” device.

This Revenue Regulations took effect on January 1, 2012.

DOLE Department Circular

Clarifying the Applicability of Department Order No. 18-A, Series of 2011

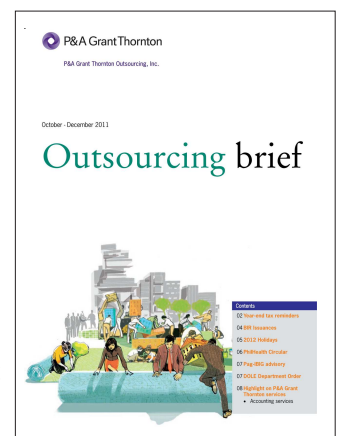
The Department of Labor and Employment (DOLE) issued Department Circular No. 01, Series of 2012, which exempts the Business Process Outsourcing (BPO)/ Knowledge Process Outsourcing (KPO) and the Construction Industries from DOLE Department Order 18-A*. DOLE order 18-A was issued last November 2011 and took effect on December 5, 2011. The department order mandates all companies to extend regular benefits to all contractual employees among other provisions. With the use of the word “outsourcing”, the order created the impression that IT-BPO was included in the implementation of the order.

It states in Circular No. 3.1 that the Department Order 18-1, Series of 2011, clearly speaks of a trilateral relationship that characterizes the covered contracting/subcontracting arrangement. Thus, vendor-vendee relationship for entire business processes covered by the applicable provisions of the Civil Code on Contracts is excluded.

For the full version of the Department Circular, please refer to the DOLE website: www.dole.gov.ph

(Department Circular No. 1, s. 2012)

*An article about DOLE Department Order 18-A was published in the October-December 2011 issue of **Outsourcing brief**. To access issues of Outsourcing brief online, please visit www.punongbayan-araullo.com and click on Publications.



DOLE Department Orders

Amending certain provisions of Department Order No. 97-09

Department Order No. 120-12, Series of 2012, amended certain provisions of Department Order No. 97-09: Revised Rules for the Issuance of Employment Permits to Foreign Nationals.

The Department Order amended various sections. The more salient points are:

Section 3 (a.2 and c) - on photocopying of passport, etc.

- a.2 Photocopy of passport with visa or Certificate of Recognition for Refugees or *Stateless Persons*.
- c. Additional position of the foreign national in the same company or subsequent assignment in related companies during the validity or renewal of the alien employment permit (AEP) will be subject to publication requirement and payment of publication fee. A change of position or employer will require an application for new AEP.

Section 4 - on fees

The applicable fee for an AEP is P8,000, valid for one year. In case the foreign national needs a permit that covers a period of more than one year, an additional P3,000 will be charged for every additional year or fraction thereof.

Section 5 - on publication

The Regional Office shall publish all applications for new AEPs, additional positions in the same company, or subsequent assignments in related companies within two working days upon receipt of application. Any objection or information against the employment of a foreign national may be filed with the Regional Office within 30 days from the date of the publication.

Section 6 - on processing period

Application for a new AEP shall be processed and an AEP shall be issued within 24 hours after publication and payment of required fees and fines. Application for renewal of AEP shall be processed within 24 hours after receipt.

Section 7 - Verification Inspection section is DELETED

Section 10 - amendment on Paragraph C, which previously read: "...the foreign national has a derogatory record"

now reads as follows: "The foreign national has been convicted of a criminal offense or is a fugitive from justice."

Section 12 - the Section which reads as "The AEP may be suspended by the issuing Regional Director, on any of the following grounds, and after due process..." is DELETED.

Section 13d. - previously read as: "...meritorious objection or information against the employment of the foreign national as determined by the Regional Director;"

now reads as: "...meritorious objection or information against the employment of the foreign national."

Section 13e. - previously read as: "...foreign national has a derogatory record;"

now reads as: "...the foreign national has been convicted of a criminal offense or is a fugitive from justice."

Section 15 - Fines for working without valid AEP and for employing foreign nationals without valid AEP

The Regional Director shall impose a fine of P10,000 for every year or a fraction thereof on foreign nationals found working without a valid AEP.

Employers found employing foreign nationals without valid AEPs shall also pay a fine of P10,000 for every year or a fraction thereof.

For the full version of the Department Circular, please refer to the DOLE website: www.dole.gov.ph

(Department Order No. 120-12, s. 2012)



DOLE Department Orders

Rules implementing RA 10151

The Department Order issued the implementing rules of Republic Act No. (RA) 10151 allowing the employment of night workers. The rules, which are part of the Omnibus Rules Implementing the Labor Code, ensure the protection, safety and welfare of night workers.

The implementing rules apply to all persons who shall be employed or permitted or suffered to work at night, except those employed in agriculture, stock raising, fishing, maritime transport and inland navigation.

“Night worker” is defined as any employed person whose work covers the period from 10:00 p.m. to 6:00 a.m. the following day provided that the worker performs no less than seven consecutive hours of work.

The Department Order enumerated the coverage, definition, health assessments, mandatory facilities, transfer and other relevant sections to guide the concerned individuals and companies and/or employers.

For the full version of the Department Circular, please refer to the DOLE website: www.dole.gov.ph

(Department Order No. 119-12, s. 2012)

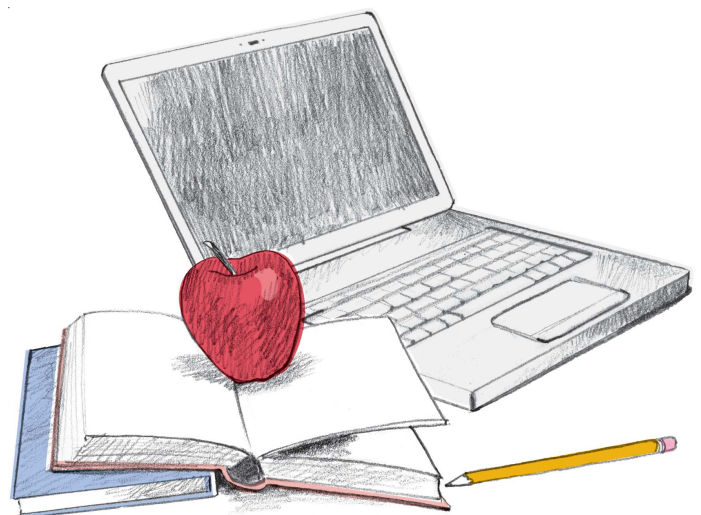


PhilHealth online services

The Philippine Health Insurance Corporation (PhilHealth) website's (www.philhealth.gov.ph) Online Services section features different access points that members and stakeholders can tap to make transactions. It includes registration, premium payment and reporting and even location of the Company's offices nationwide.

The following e-services are currently available:

- *e-claims* - Electronic claims submission. Accredited institutions may verify the eligibility status of their members and dependents.
- *e-registration* - Electronic registration. This facility enables individuals to register as a PhilHealth member online.
- *ihcp* - IHCP Portal. Allows membership status of Sponsored Members under the NHTS-PR during benefits availment.
- *eprs* - Electronic Premium Reporting System. Enables employers to post their employees' payments in real time.
- *egroup* - Electronic Group Enrolment System. Facilitates registration, billing and query of organized groups.
- *epay* - Electronic Payment Facilities. Different facilities for employers transacting with banks.
- *rba* - Remittance-By-Air. A payment facility through SMS for individually paying members.
- *gis* - PhilHealth GIS. A facility for viewing locations of health facilities and visualization of various corporate data using maps.



PhilHealth Circular

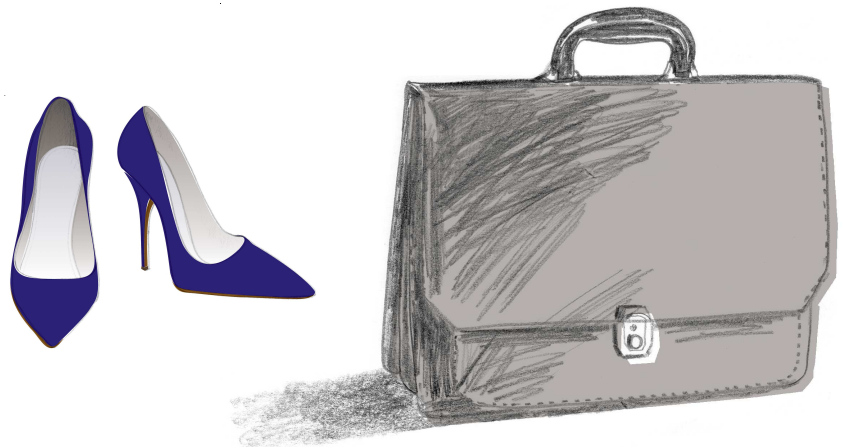
Premium contribution schedule of formal sector employees and their respective employers effective January 1, 2013

The PhilHealth issued PhilHealth Circular No. 011, Series 2012, listing the new premium contribution schedule for formal sector employees and their employers effective January 1, 2013:

Monthly salary range	Monthly premium rate	Personal share	Employer share
P7,000 and below	P210	P105	P105
P7,000 up to P50,000	3%	1.5%	1.5%
P50,000 and above	P1,500	P750	P750

According to the Circular, the monthly premium contribution should be remitted on or before the 10th day of the month following the applicable month at any PhilHealth Office, through a PhilHealth Accredited Collecting Agent, or at any of the PhilHealth branches nationwide. The remittance of premium contribution must be supported by a monthly Employer Remittance List (RF-1), which shall be submitted to the nearest PhilHealth Office not later than the 15th day of the month following the applicable month.

The failure of the employer to remit the required contribution and to submit the required remittance list shall make the employer liable for reimbursement of payment of a properly filed claim in case the concerned employee or his/her qualified dependent/s avail/s of PhilHealth benefits, without prejudice to the imposition of other penalties as provided for in the revised Implementing Rules and Regulations of the National Health Insurance Act of 1995.



Pag-IBIG Circular

Penalty Condonation Program for unregistered/delinquent employers (HDMF Circular 299)

Pag-IBIG recently issued a Penalty Condonation Program effective April 1, 2012. This Program seeks to protect the interest of Pag-IBIG members as well as provide employers practicable means to settle their membership contribution arrears.

The Program also seeks to compel unregistered/delinquent employers to register their employees to the fund and provide them access to the Pag-IBIG benefits they rightfully deserve.

The Program covers unregistered and delinquent employers, as well as employers who have Pag-IBIG coverable employees from whom they did not collect membership contributions. Employers who have deducted but have not remitted membership contributions and/or short term loan amortizations from their employees are disqualified from this penalty condonation.

Employers who previously availed of any penalty condonation offered by the Pag-IBIG Fund are also disqualified.

To apply for Penalty Condonation, employers are required to submit the following:

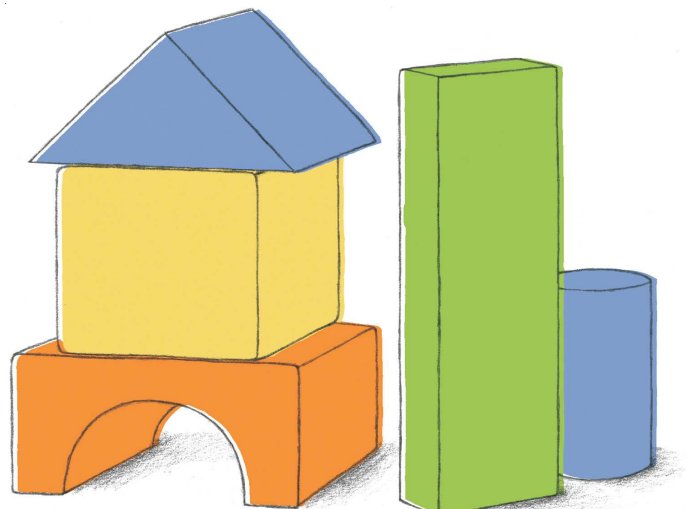
1. Application form for penalty condonation
2. Schedule (list) of employees with unremitted contributions
3. Affidavit of undertaking

4. Certified true copy of applicable proof of business existence
 - a. Business Permit/Mayor's Permit
 - b. Department of Trade and Industry (DTI) Certificate of Registration, for soleproprietorship
 - c. Securities and Exchange Commission (SEC) Certificate of Partnership/Incorporation, for partnership/corporation/foreignowned corporation/trade association
 - d. Cooperative Development Authority (CDA) Certificate of Cooperative, for cooperatives
 - e. SSS Certificate of Membership
5. Photocopies of the following:
 - a. Payroll for applicable months/period
 - b. SSS R3 (in the absence of payroll)

Pag-IBIG may require additional documentation if deemed necessary.

The application form and affidavit of undertaking are available through the Pag-IBIG website and at all 37 branches nationwide.

The Program will run until June 30, 2012.



Highlight on P&A Grant Thornton services

Public seminars and trainings

For the past several years, P&A Grant Thornton Outsourcing, Inc. (P&A Grant Thornton) has organized seminars to keep participants abreast of developments (in the form of new rules, regulations or pronouncements) in the regulatory agencies such as the Bureau of Internal Revenue (BIR), Social Security System (SSS), Philippine Health Insurance Corporation (PhilHealth), Home Development Mutual Fund (HDMF), Local Government Units (LGU) and the Department of Labor and Employment (DOLE).

Through these seminars and workshops, participants are given avenues to be informed, to ask questions, to seek clarifications and to be better equipped for their everyday tasks.

We have set trainings for May 2012 as follows:

- **May 4** - BIR, PhilHealth and HDMF Continuing Compliance (Plus special topic on: Employee engagement through defined contribution plan)
- **May 24** - Know the Rules – Corporate Compliance (DOLE, SSS, BIR common issues)

Company seminars

P&A Grant Thornton has also been requested to organize seminars and trainings that are exclusive to a Company. Our diligent, highly trained and skilled personnel can help your company with seminars and trainings on payroll and accounting that you may want to hold exclusively for your employees.



Outsourcing Brief is a quarterly publication of P&A Grant Thornton Outsourcing, Inc. (P&A Grant Thornton) that aims to keep the company's clientele, as well as the general public, informed of various developments in outsourcing, compensation, and other related matters. This publication is not intended to be a substitute for competent professional advice. Even though careful effort has been exercised to ensure the accuracy of the contents of this publication, it should not be used as the basis for formulating business decisions. Government pronouncements, laws, and official interpretations are all subject to change.

We welcome your suggestions and feedback so that the Outsourcing Brief may be even more useful to you. Please get in touch with us if you have any comments and if it would help you to have the full text of the materials in the Outsourcing Brief.

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