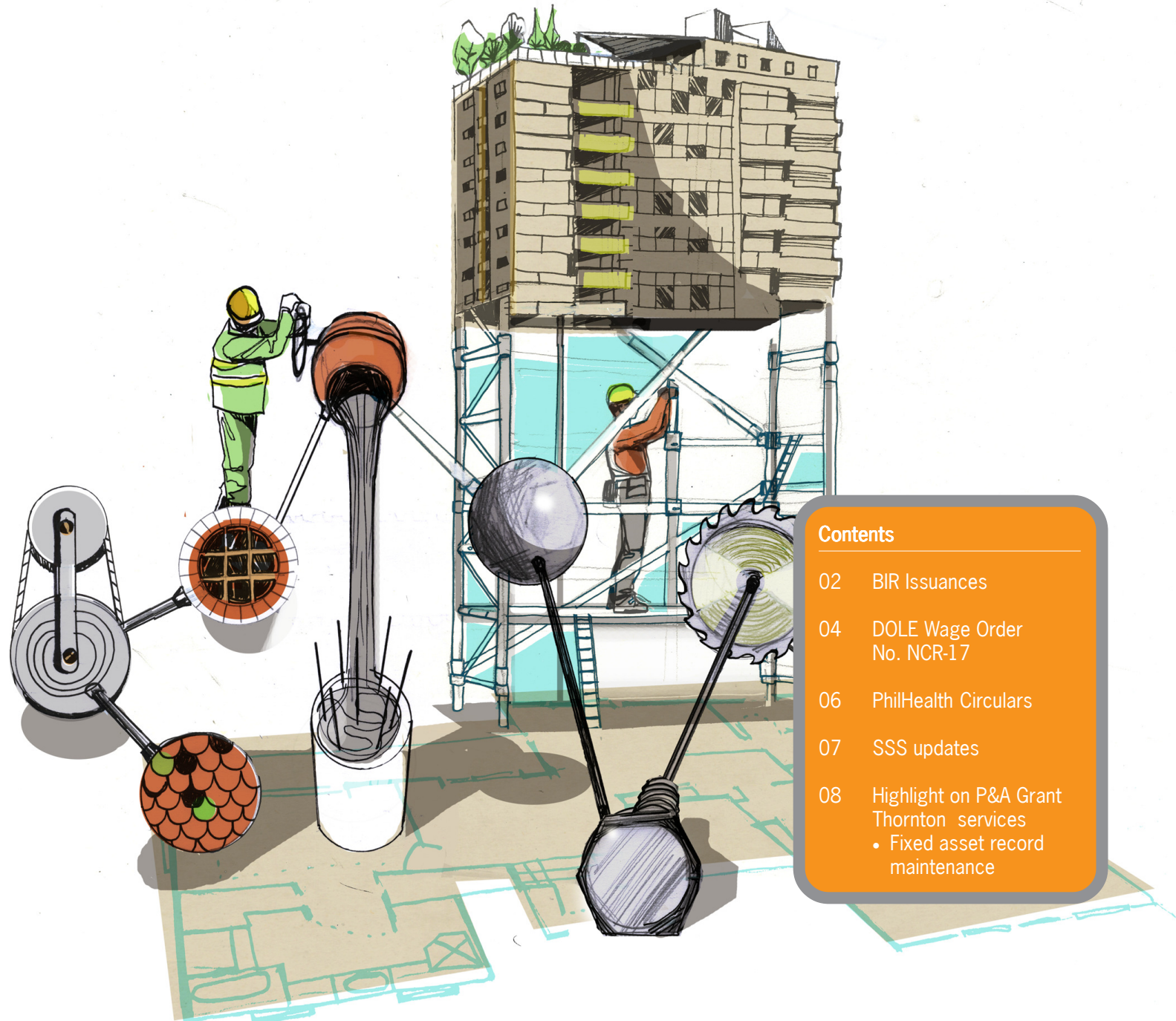


April - June 2012

Outsourcing brief



Contents

- 02 BIR Issuances
- 04 DOLE Wage Order No. NCR-17
- 06 PhilHealth Circulars
- 07 SSS updates
- 08 Highlight on P&A Grant Thornton services
 - Fixed asset record maintenance

BIR Issuances

The Bureau of Internal Revenue (BIR) has released several issuances/regulations for the quarter ending June 30, 2012, including the following:

Revenue Regulations No. (RR) 7-2012

issued on 2 April 2012 amends the consolidated Revenue Regulations on primary registration, updates and cancellation, particularly on the following:

- a. Registration, updates and cancellation procedures
- b. Venue, forms and documentary requirements
- c. Annual registration fee
- d. Certification fee
- e. Penalties for registration-related violations

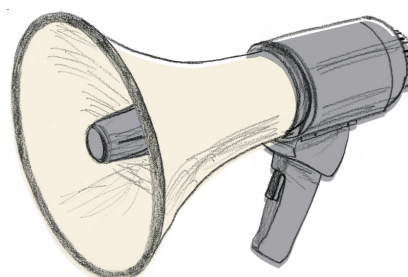
The venue, forms and documentary requirements for the registration of each type of applicant-taxpayer are listed in Annex "A" of the Regulations (please refer to www.bir.gov.ph). Application for Taxpayer Identification Number (TIN) with incomplete documentary requirements shall not be processed.

The TIN, once assigned to a particular taxpayer, is non-transferable and there shall be no instance where two or several taxpayers are holders of the same TIN. Only one TIN shall be assigned to the taxpayer, regardless of variety of transactions, e.g., an employee who is also engaged in his/her own business. Once assigned a TIN, a taxpayer is precluded from applying for another TIN, except for banks with both Regular Banking Unit and with Foreign Currency Deposit Unit where each unit is assigned different TINs. Any person who secures more than one TIN shall be subject to the penalty prescribed under Section 15 of the Regulations.

Non-resident aliens not engaged in trade or business (NRANETB) or non-resident foreign corporations (NRFC) shall be issued TINs for purposes of withholding taxes on their income from sources within the Philippines. The withholding agent shall apply for the TIN on behalf of the NRANETB or NRFC prior to or at the time of the filing of their monthly withholding tax return as applicant under Executive Order No. (EO) 98, Series of 1998.

Branches of identified large taxpayers shall be registered at the Large Taxpayers Service (LTS) where the head office (HO) is registered. All incorporators of corporations/associations (stock and non-stock), partners of partnerships and members of cooperatives must have TINs.

While the application and issuance of a TIN is generally made through the concerned BIR district office, the same, upon certain circumstances provided for by existing rules and regulations, may be obtained through the eREGISTRATION (eREG) facility in the BIR website, through the Securities and Exchange Commission, or through other facilities/agencies as may be made available in the future.



BIR Issuances

Applicants whose TINs have been secured through the eREG facility shall complete their registration with the BIR district office (e.g., persons who engage in business/practice of profession), but shall no longer be required to fill out the forms for “Application for Registration.” Instead, a printout of the “System Confirmation Page” and the completed on-line “BIR Form 1901,” which is the proof of e-TIN registration, shall be submitted to the concerned BIR district office, together with the prescribed documentary requirements.

Revenue Regulations No. 8-2012

On 11 May 2012, the Bureau issued RR 8-2012, which increased the maximum uniform and clothing allowance -- considered as *de minimis* benefit -- from P4,000 to P5,000 per annum. The said allowance is exempt from income tax on compensation as well as from fringe benefit tax.

For the full version of the Revenue Regulations, please refer to the BIR website: www.bir.gov.ph



DOLE Wage Order No. NCR-17

Providing a COLA and integrating existing COLA into basic wage in NCR

The Regional Tripartite Wages and Productivity Board - National Capital Region (RTWPB-NCR) adjusted the minimum wage rates of the covered private sector workers and employees in the region by issuing Wage Order NCR-17.

The Wage Order NCR-17 provides for the following:

- a. The cost of living allowance (COLA) of P22 per day under Wage Order No. NCR-16 shall be integrated into the basic wage.
- b. After the integration of the COLA, all minimum wage earners in the region shall receive an increase in the amount of P30 per day in the form of COLA payable in two tranches, as follows:

COLA amount	Effectivity
P20	upon effectivity of the Wage Order
P10	1 November 2012

- c. The new daily minimum wage rates of covered workers in the private sector in the NCR shall be as follows:

Section/Industry	Basic wage after COLA integration	COLA	New minimum wage rates
Non-agricultural	P426	P20	P446
Agriculture (plantation and non-plantation)	P389	P20	P409
Private hospitals with bed capacity of 100 or less	P389	P20	P409
Retail/service establishments employing 15 workers or less	P389	P20	P409
Manufacturing establishments regularly employing less than 10 workers	P389	P20	P409

DOLE Wage Order No. NCR-17

d. Effective 1 November 2012, the second tranche of the COLA, or P10, shall be added making the new minimum wage rates of the covered workers in the private sector in the NCR as follows:

Section/Industry	Basic wage after COLA integration	COLA effective	COLA effective 1 November 2012	New minimum wage rates
Non-agricultural	P426	P20	P10	P456
Agriculture (plantation and non-plantation)	P389	P20	P10	P419
Private hospitals with bed capacity of 100 or less	P389	P20	P10	P419
Retail/service establishments employing 15 workers or less	P389	P20	P10	P419
Manufacturing establishments regularly employing less than 10 workers	P389	P20	P10	P419

Creditable wage increase. Any increase granted by an employer in an organized establishment within three months prior to effectivity of the Order shall be credited as compliance with the prescribed increase set forth herein, provided that an agreement to this effect has been forged between the parties or a collective bargaining agreement (CBA) provision allowing creditability exists. In the absence of such an agreement or provision in the CBA, any increase granted by the employer shall not be credited as compliance with the COLA prescribed in this Order.

Effects on existing wage structure. Where the application of the COLA prescribed in this Order results in distortion in the wage structure within the establishment, the **management and/or labor union** shall initiate correction of the same within 30 days from the effectivity of this Wage Order and shall be corrected in accordance with the procedure provided for under Article 124 of the Labor Code of the Philippines.

The Wage Order was approved last 17 May 2012, and officially published in the newspaper on 19 May 2012. Correspondingly, the Wage Order took effect on 3 June 2012, or 15 days after its publication in the newspaper of general circulation.



PhilHealth Circulars

Mandatory coverage of employees under contracting and subcontracting arrangements

Pursuant to the Department of Labor and Employment (DOLE) Department Order No. 18-A, s.2011 Re: Rules Implementing Articles 106 to 109 of the Labor Code, as amended, Section 9, (b), iii, that prescribes that services agreements between the principal and the contractor shall include:

*“Provisions ensuring compliance with all the rights and benefits of the employees under the Labor of the Philippines and these Rules on: provision for safe and healthful working condition; labor standards such as service incentive leave, rest days, overtime pay, 13th month pay and separation pay; retirement benefits; **contributions and remittance of SSS, PhilHealth, Pag-Ibig Fund and other welfare benefits.**”*

In view of the said Order, and in consonance with the Philippine Health Insurance Corporation’s (PhilHealth) race for Universal Coverage, persons hired under contracting and subcontracting arrangements where employer-employee relationship exists shall now be compulsorily covered under the National Health Insurance Program.

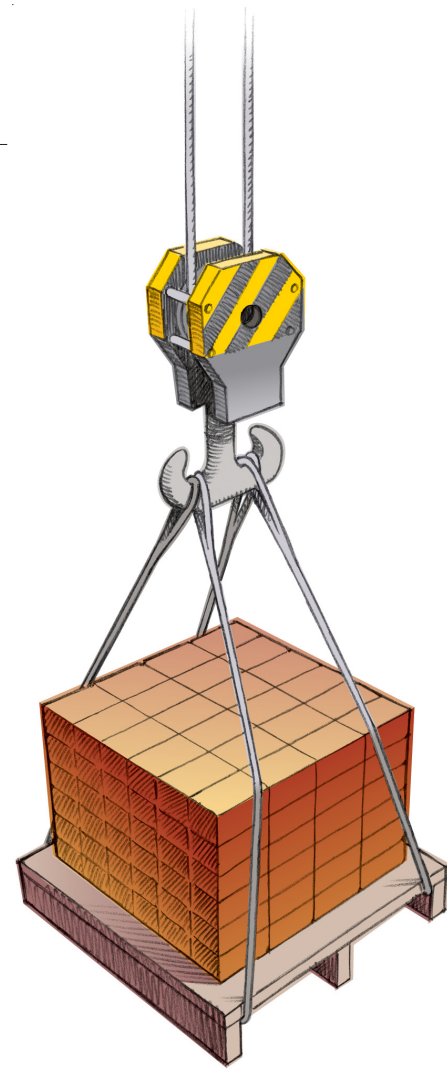
Premium contribution schedule for the member from the employed sector as prescribed in PhilHealth Circular No. 01, s.2005 shall be adopted until December 2012. By January 2013, the new premium contribution schedule as provided in PhilHealth Circular No. 11, s.2012 shall be used.

Electronic premium remittance system version 2.0 Addendum to PhilHealth Circular No. 30, s.2010 Re: On-Line Submission of Employer’s Remittance Report (RF-1).

The PhilHealth issued PhilHealth Circular No. 014, Series 2012, announcing the availability of the new EPRS version 2.0 effective 10 April 2012. EPRS v.2.0 has the following new features:

- **Automatic data validation** – This feature will address concerns when adding new employees; there will be no more waiting time for system approval.
- **Synchronization feature** – With just a click, amendments to employee’s data/profile from Membership Database will be synchronized in EPRS v.2.0.
- **New template design** – The system features a more user-friendly interface.
- Plus, EPRS v.2.0 is now linked to On-line Registration and Facebook.

Consistent with PhilHealth Circular No. 30, s.2010, non-EPRS users who will adopt the on-line submission of Employer Remittance Report (RF-1) shall be required to enroll in the reporting scheme and attend the scheduled training for the activation and creation of user account.



SSS updates

Payment of sickness and maternity reimbursements through SSS-accredited banks

The Social Security System (SSS) issued SSS Circular No. 2012-008 dated 23 March 2012, laying down the following guidelines concerning the payments of sickness and maternity benefits through SSS-accredited banks:

1. All employers shall be required to enroll in the program at any of the SSS-accredited banks or at their SSS servicing branch. Existing savings or current accounts may be enrolled in the program.
2. The signatory in the enrollment form shall be the authorized bank account signatory as designated by the employer or the company's Board of Directors.
3. All sickness and maternity benefit reimbursements shall be remitted by the SSS to the employer's designated bank, which in turn shall be credited to their enrolled savings or current account.
4. The SSS shall notify the employer through a Payment Advice each time a payment to their bank account is made.

The Circular supersedes Circular 8-P dated 20 September 2002.

Mandatory submission of electronic contribution collection lists (e-R3)

Pursuant to Social Security Commission Resolution No. 125 s.2012, approving the implementation of the mandatory submission of contribution collection lists, the SSS issued SSS Circular No. 2012-009 dated 23 March 2012, issuing the following guidelines:

1. All employers with more than 10 employees shall submit their electronic contribution collection lists (e-R3) through any electronic media (e.g., flash drive, compact disk).

Hard copy of collection lists (SS form R-3) shall no longer be accepted.
2. The R3 File Generator program, which was developed to assist employers in the preparation of monthly contribution collection lists, may be downloaded from the SSS website at www.sss.gov.ph, or the employer may go to the nearest SSS branch to copy the e-R3 compressed file (R3FGComp).
3. Submission of e-R3 shall be on or before the 10th day after the payment due date.
4. Employers with 10 employees and less may submit their contribution collection list through e-R3 or hard copy of said list.



Highlight on P&A Grant Thornton services

Fixed asset record maintenance

Most companies, including those that are not capital asset-intensive, have a difficult time properly maintaining their fixed asset ledgers. The more common reason is transfer of assets: assets are moved from one location to another, or from one division to another but the paper trail is not always clear or complete.

In some cases, additions to existing assets—such as major repairs that should be capitalized—are not identified and are therefore excluded from the net realizable or net depreciable values of the existing assets.

Correct maintenance of a company's fixed assets ledger allows the business to accurately compute the depreciation of its assets, makes it easier for the company to identify and remove those assets that are written off or disposed, facilitates claims for the insurance cover of the assets when insurable acts arise and in the case of disposal, facilitates the recognition of the resulting gain or loss in the disposal transaction.

P&A Grant Thornton Outsourcing, Inc. can be counted on to assist you in the preparation, reconciliation and maintenance of your fixed assets ledgers. Our diligent, highly trained and skilled personnel can help your company with the fixed assets count – tagging and counting, and reconciling the results of the count with the existing fixed assets ledgers; organizing your existing records and guiding your personnel in the proper recordkeeping and maintenance of your company's fixed assets ledgers.

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