

July - September 2011

Outsourcing brief



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Wage increases granted in Regions VI, VII and X

The Regional Tripartite Wages and Productivity Boards of Regions VI (Western Visayas), VII (Central Visayas) and X (Northern Mindanao) adjusted the minimum wage rates of covered private sector workers and employees in the regions by issuing the following Wage Orders: Wage Order No. RBVI-19, Wage Order No. ROVII-16, and Wage Order No. RX-16.

The salient features of the Wage Orders are as follows:

- Wage increases:
 - Region VI: increase in minimum wage rate in the form of Emergency Cost of Living Allowance (ECOLA) of P12 per day effective July 15, 2011
 - Region VII: across-the-board wage increase of P20 per day effective September 22, 2011
 - Region X: increase in minimum wage rate in the form of Cost of Living Allowance (COLA) of P17 per day effective July 24, 2011
- Not covered in all the Wage Orders are household or domestic helpers, persons in the personal service of another, including family drivers, and workers in registered Barangay Micro Business Enterprises (BMBEs) with Certificates of Authority.
- Exemptions:
 - Under Wage Order No. RBVI-19, no exemptions shall be allowed.
 - Under Wage Order No. ROVII-16, distressed establishments may be exempted upon application with the Regional Board.
 - Under Wage Order No. RX-16, the following may be exempted from the applicability of this Wage Order:
 - 1) Retail/service establishment employing not more than 10 workers;
 - 2) Distressed establishment and other sectors adversely affected by the economic crisis as determined by the Board;
 - 3) New business enterprises (NBEs);
 - 4) Establishments whose total assets, including those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, amount to not more than P3 million;
 - 5) Establishments adversely affected by natural calamities;
 - and 6) Establishments producing gifts, toys and houseware (GTH) items using indigenous materials.
- All workers paid by results, including those who are paid on piecework or task basis, shall be entitled to receive not less than the prescribed minimum wage rates per eight hours of work a day, or a proportion thereof for working less than eight hours.
- In the case of private educational institutions, the share of covered workers and employees in the increase in tuition fees for School Year 2011-2012 shall be considered as compliance with the increases mandated by the Wage Orders. However, payment of any shortfall in the wage increases set forth herein shall be covered starting School Year 2012-2013. Private educational institutions that have not increased their tuition fees for the School Year 2011-2012 may defer compliance with the provisions of the Wage Orders until the beginning of School Year 2012-2013.
- In the case of contracts for construction projects and for security, janitorial and similar services, the adjustment in the wage rates shall be borne by the principals or clients of the construction/service contractors and the contract shall be deemed amended accordingly. However, if the principals or clients fail to pay the prescribed increase, the construction/service contractor shall be jointly and severally liable with his principal or client.
- Where the applications of the increases in the wage rates under these Wage Orders result in distortions in the wage structure within the entity, the wage distortions may be corrected under Article 124 of the Labor Code of the Philippines.

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



RMC 40-2011: New income tax forms

In this Circular, the Bureau of Internal Revenue (BIR) released the June 2011 versions of the following forms that should be used for income tax filing covering, and starting with, calendar year 2011:

1. BIR Form 1700 – for individuals earning purely compensation income
2. BIR Form 1701 – for self-employed individuals, individuals with mixed income, estates and trusts
3. BIR Form 1702 – for corporations, partnerships and other non-individual taxpayers

The revised BIR Form 1702 now includes two new sections: Section on Taxpayer Activity Profile and Section on Tax Relief Availment. On the other hand, revised BIR Forms 1700 and 1701 now require disclosure of additional information such as income subjected to final tax, income exempt from tax, and exclusions from gross income under Section 32(B) of the Tax Code.

Individuals who currently file BIR Forms 1700 and 1701 under existing laws and regulations are required to use the revised versions and accomplish the supplemental information under Part IV of Form 1700 or Part VIII of Form 1701.

The new returns shall be used for the annual income tax filing covering calendar year 2011, which is due on or before April 15, 2012. The new versions shall also be required for juridical entities following fiscal year of reporting starting with fiscal year ending January 31, 2012.

(BIR Revenue Memorandum Circular No. 40-2011)



SSS Updates

SSS launches new online registration procedures for members and employers

Last July, the Social Security System (SSS) launched the implementation of online registration procedures to ensure the

accuracy and validity of member and employer information. The procedures were designed to minimize, if not eliminate, incidences of failed registration and/or non-receipt of email from the SSS website on registration outcome.

	Member Registration	Employer Registration
Phase 1	The member should provide the following information: SSS number, first name, middle name, last name, date of birth and email address	The employer should provide the following information: employer ID and branch code, date of coverage, address, postal code, company email address, and preferred user ID
Phase 2	The following additional personal information should be supplied: mother's maiden name, address, contact number, preferred user ID and password, current membership status, and employer ID number (for employed member or househelp only) or Receipt No./Over-the-Counter (OTC) transaction number (for OFW, voluntary and self-employed members)	The following additional information on the employer's authorized signatory should be provided: SSS number, first name, middle name, last name, and email address. Upon submission of the information, the SSS website will electronically send the employer registration information to the employer's servicing branch for confirmation of the authorized signatory.
Phase 3		The SSS servicing branch should confirm/approve the employer authorized signatory by verifying if the said signatory appears in the company's Specimen Signature Card (SS Form L-501) on file with the branch. The registration will be successful once the SSS servicing branch confirms/approves the employer authorized signatory.

Upon submission of the member/ employer-registrant of the information in Phase 1, the same will be checked against the SSS records. If correct, the system will display the message that an email has been sent to the supplied email address. The said email will advise the registrant to click on the given link to proceed with the registration. In case the information supplied is different from SSS records, an error message will be displayed on-screen to inform and guide the registrant.

If the registration is successful, an email will be sent to the supplied e-mail address containing the user ID and password. On the other hand, if the registration failed, an email will be sent to inform the member/employer of the unsuccessful registration.

i Members/employers with failed registration may seek the help of the nearest SSS branch office or call (632) 920 6401 local 6201 (for members) or (632) 920 6446 to 55 (for employers) or email member_assistance@sss.gov.ph for assistance.

SSS updates

SSS implements new ways to improve service delivery

The SSS has started issuing Unified Multi-purpose Identification (UMID) cards to its members. The UMID is envisioned to become the single ID card of all SSS, PhilHealth and Pag-IBIG members, with the social security identification system as its core. Biometric and photo capturing are now being scheduled in various SSS offices throughout the country.

The new UMID card can be used by members to withdraw SSS benefit claims and loan proceeds at automated teller machines. It allows members to access their records and monitor their contributions, benefits and loan payments and determine their eligibility to various SSS programs. Members can view their records through Self-Service Information Terminals, which are touch-screen kiosks installed at SSS branches, with a single swipe of their UMID card.

The SSS is also putting in place the Automated Records Management System (ARMS), which involves converting paper-based and microfilmed documents into digitized format. The electronic files will be directed to centralized processing centers, allowing members to access information and transact business online. The system offers more efficient and economical records keeping and easy retrieval of documents needed to process benefit claims and loan applications.

SSS previously offered other channels to service its members. Aside from the SSS website, members can inquire about their SSS records, contributions, loans and benefit eligibility and application status through the Text-SSS facility and the telephone-based Interactive Voice-Response System (IVRS).

PhilHealth Advisory

PhilHealth Advisory No. 08-01-2011: Issuance of PhilHealth Identification Card (PIC) and Member Data Record (MDR) to Employed Members

In this Advisory, PhilHealth reminded members that all PhilHealth related transactions should be coursed through their companies' respective Human Resource Department (HRD) when registration is facilitated by their employer.

Newly-hired employees without PhilHealth Identification Numbers (PIN) and who are not yet members must submit a properly accomplished PhilHealth Member Registration Form (PMRF) in duplicate copies to their HRD. The following documents should be attached to the PMRF:

1. Clear copy of the employee's Birth/Baptismal Certificate or one valid ID
2. Clear copy of the applicable legal supporting document for declared dependent/s

The employer shall submit these documents together with the report of Employee-Members (ER2) Form to the PhilHealth office and provide duplicate copies of the PMRF to the HRD. PhilHealth shall then send the PIC and a copy of the MDR to the employees through the company HRD.

On the other hand, newly-hired employees with existing PhilHealth memberships must simply report their PINs to their employers.



Online registration now available at Pag-IBIG/HDMF

All employers, employees and other members are urged to register and update their records through the online Employer/ Membership Registration System.

The online system works using Internet Explorer 8 as web browser. Under Member Services, the following options can be accessed: online filing of short term loan (for local members who have transaction cards with membership identification number and security number), OFW members' contribution

verification, online membership registration, housing loan payment verification, modified Pag-IBIG 2 (MP2) enrollment, and the employer's registration.

The online facility of Pag-IBIG/HDMF is now available at its website: www.pagibigfund.gov.ph.

SEC Circular

SEC Circular No. 6, s. 2011: 2012 schedule of filing of annual financial statements

In this Circular, the Securities and Exchange Commission (SEC) issued the following guidelines to corporations for the filing of their annual financial statements (FS) in 2012:

1. All corporations, including branch offices, representative offices, regional headquarters and regional operating headquarters of foreign corporations, that file their FS at the Commission's Head Office, Baguio, Iloilo, Davao and Cebu Extension Offices shall, depending on the last numerical digit of their SEC registration or license number, be governed by the following schedule in the filing period for 2012:

April 16, 17, 18, 19, 20	: "1", "2"
April 23, 24, 25, 26, 27	: "3", "4"
April 30, May 2, 3, 4	: "5", "6"
May 7, 8, 9, 10, 11	: "7", "8"
May 14, 15, 16, 17, 18	: "9", "0"

2. Corporations whose fiscal year end on a date other than December 31, 2011 shall comply with their original filing schedule.
3. Prior to April 16, 2012, all corporations may file their FS regardless of the last numerical digit of their registration or license number.

4. Late filings shall be accepted starting May 21 and shall be subject to the prescribed penalties, which shall be computed from the date of the last day of filing schedule stated in (1).
5. Any filing made before or after the scheduled dates shall not be accepted unless covered by (3) and (4) above.
6. Requests for extension of time to file FS or notification of inability to file SEC Form 17-A under paragraph 1 (F) of SRC Rule 17.1 shall not be accepted.
7. Except for the foregoing changes, (a) all the rules on the preparation and submission of the FS, such as, but not limited to, proof of filing of the FS with the BIR or any of its authorized agent banks, and registration of the corporation's auditor with the Board of Accountancy shall continue to be in effect; and (b) the existing period within which listed companies can file their FS at the Philippine Stock Exchange, i.e., 105 days after the end of the fiscal year, shall remain unchanged; and
8. All FS that meet the basic acceptance criteria shall be received subject to the Commission's review of its form and contents. Any deficiency in the filing or deviation from prescribed accounting and audit standards that may be found during the review shall subject the company concerned, its officers and auditors to appropriate penalties for violation of SRC Rule 68 and other applicable rules and regulations.

How to secure business license and Mayor's permit

The local government units (LGUs) require businesses to secure a business license and Mayor's permit in order to operate.

Regardless of the structure of the enterprise, a business permit can only be obtained after the company has secured its certificate of registration from one of the following agencies: Department of Trade and Industry (DTI) for single proprietorship, Securities and Exchange Commission (SEC) for partnerships or corporations, and Cooperative Development Authority (CDA) for cooperatives.

The business license and Mayor's permit are renewed annually from January 1 to 20 and are valid for one year. These documents should be on display in the company's principal place of business for verification by anyone.

Here are the most basic requirements in obtaining these documents:

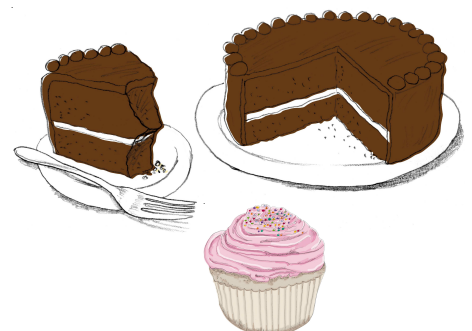
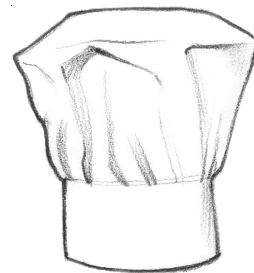
- DTI Business Name Certificate (for single proprietorship)
- Certificate of SEC Registration/Articles of Incorporation (for corporation) /Bylaws/Articles of Partnership (for partnership)
- Location map of business
- Barangay clearance
- SSS certification/clearance
- Community Tax Certificate or Cedula
- Public liability insurance (for restaurants, cinemas, malls, etc.)
- Authorization letter of owner with identification card
- Locational clearance performed by LGU's engineering or maintenance department
- Lease contract/tax declaration

If the company's office space is leased, the Mayor's permit registration of the building owner/landlord as real estate lessor should be attached. On the other hand, if the company's office space is owned, the Transfer Certificate of Title (TCT) or Tax Declaration should be attached.

The procedures may vary from city to city, but here are the most basic ones:

- Application and submission of requirements at LGU's Bureau of Permits (BP)
- Evaluation and assessment of taxes, fees and charges by LGU's License Department
- Evaluation of annual inspection fees for building/electrical/plumbing/mechanical, etc., by LGU's Engineering Department. (This is not necessary if a valid Occupancy Permit for Business Address can be presented.)
- Secure approval from Administrator's office
- Release of assessed permit/approved license application
- Issuance of official receipts upon payment of fees by the License and Treasury Department
- Issuance of Health/Sanitation Certificate by the Health Department
- Release of Mayor's permit and approved licenses to the applicant

Processing time can be shortened if all the documentary requirements are submitted, although it generally takes about one to two weeks to process business license and Mayor's permit. Penalties are imposed upon businesses if they fail to renew their business permits.



Highlight on P&A services

Bothered by payroll complexities?

Are your Human Resource personnel always bombarded with questions regarding payroll computations from the employees? Do you want to gather your employees in one place so that all their queries relating to payroll computations and availment of benefits from government agencies such as SSS, PhilHealth, and Pag-IBIG/HDMF can be answered?

Not all companies have devoted personnel and resources to orient or handle employees' queries regarding compensation, personal taxation and benefit availments. In most cases, the companies have no time to do a town hall meeting to discuss payroll issues, and in some cases, companies are not familiar with the intricacies of payroll computations, including computation of mandatory contributions and withholding tax deductions.

What we can do for you

P&A can conduct Payroll Orientation at the companies' offices or training venues in order to answer all employees' questions and clarify issues related to payroll. We will provide the expertise and

the seminar materials: Our speakers have more than 10 years of experience in providing payroll services to clients from diverse industries. The materials can be tailored depending on your required scope and the amount of time you can allot for the presentation.

The following are the main topics covered by the orientation:

- Basics of payroll computations (including basic pay, overtime, and other benefits/pay adjustments)
- Mandatory contributions to SSS, PhilHealth and Pag-IBIG/HDMF (including membership application, contribution requirements and availment of benefits)
- Personal taxation (including computation of withholding tax, annualization and annual filing of applicable income tax returns)
- Significant updates from the BIR, SSS, PhilHealth, HDMF and DOLE affecting payroll/employee compensation

Let us help you with your employees' questions and concerns. Call our F&A Outsourcing Division and look for Jessie C. Carpio, partner and head of the Division, at 813-6957 or 864-0741 local 800 or send an email to Jessie.Carpio@ph.gt.com.



If you would like to know more about our outsourcing services, please contact:

Benedicto L. Dizon
Director, Finance & Accounting Outsourcing
T + 63 2 864-0741 ext. 812
F + 63 2 814-0589
E Benee.Dizon@ph.gt.com

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