



# Outsourcing brief

July - September 2014



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# BIR update

## Revenue Regulations No. (RR) 5, s2014: Amending RR 17, s2013 dealing with the “Preservation of Books of Accounts and Other Accounting Records”

The Bureau of Internal Revenue (BIR) issued RR 5, s2014 to amend Section 2 of RR 17, s2013. The amendment specifically pertains to the prescribed manner on how a taxpayer and an independent certified public accountant (CPA) should retain their records and the introduction of the electronic storage system.

The BIR clarified that taxpayers are only required to retain hard copies of the books of accounts and accounting records (e.g., invoices, receipts, vouchers and returns, and other source documents supporting the entries in the books of accounts) within the first five years reckoned from the day after the deadline for filing a return, or from the date the return was filed (if filed after the

deadline), for the taxable year when the last entry was made. For the next five years, the taxpayer may retain only an electronic copy of the hardcopy (paper) of the books of accounts, subsidiary books, and other accounting records in an electronic storage system subject to certain requirements.

The electronic storage system of the taxpayer must include:

1. Reasonable controls to ensure the integrity, accuracy, and reliability of the electronic storage system
2. Reasonable controls to prevent and detect any unauthorized creation of, addition to, alteration of, deletion of, or deterioration of electronically stored books of accounts, subsidiary books and other accounting records
3. Accurate and complete transfer of the images of the hardcopy

of the books of accounts, and other accounting records to an electronic storage system

4. An inspection and quality assurance program evidenced by regular evaluations of the electronic storage system, including periodic checks of electronically stored books of accounts, subsidiary books and other accounting records
5. A retrieval system that includes an indexing system
6. The ability to reproduce legible and readable hardcopies of electronically stored books of accounts, subsidiary books and other accounting records

In addition, the electronic storage system must be able to exhibit a high degree of legibility and readability when the stored records and data are printed or displayed on a video

display terminal. If a taxpayer’s electronic storage system is unable to meet the above requirements, he shall maintain and preserve his books of accounts, subsidiary books, and other accounting records in original hard copies.

The BIR may periodically initiate a test of a taxpayer’s electronic storage system to evaluate if it complies with the requirement of the regulations. The examination will not qualify under Section 235 of the Tax Code, which determines tax liability. The test will focus on the evaluation of the equipment and software, the procedures involved in the preparation, recording, transfer, indexing, storing of records, and review of internal controls and securities procedures.

For the full version of BIR RR 5, s2014, please refer to the BIR website: [www.bir.gov.ph](http://www.bir.gov.ph).

# PhilHealth updates

## PhilHealth Circular No. 19, s2014: Coverage of foster child as qualified dependent

In line with Republic Act (RA) 10165, s2012, An Act to Strengthen and Propagate Foster Care and to Provide Funds Therefor (Foster Care Act of 2012), the PhilHealth issued this circular in order to cover all foster children as qualified dependents of foster parents duly licensed by the Department of Social Welfare and Development (DSWD) under the National Health Insurance Program (NHIP).

The entitlement to NHIP benefits of any foster child as a qualified dependent of a foster parent/s is valid until whichever information or situation has become available and applicable: 1) the last day of the validity date of the Foster Family Care License, or 2) until the expiration of the Foster Placement Authority (FPA), or 3) until the foster child's return to his/her

biological parents, or until 4) the child has been placed for adoption.

### General provisions:

1. All foster children, including those abandoned, surrendered, neglected, orphaned, abused, exploited, subjected to difficult circumstances like calamities and armed conflict, and with special needs, who have been under the custody of the DSWD shall be accepted as qualified dependents of PhilHealth members who become licensed foster parents.
2. All PhilHealth members who become licensed foster parents shall be required to submit the Foster Family Care License and FPA as acceptable supporting documents when declaring a foster child as a dependent. Original/certified true copies of said documents shall be presented for validation, if necessary.

3. All licensed foster parent/s who are still non-PhilHealth members must enroll with PhilHealth and must pay the required premium contribution to ensure the foster child's health insurance benefits as provided for in Article VIII, Rule 22.2 of the Implementing Rules and Regulations of the Foster Care Act of 2012.
4. All existing rules and regulations for the benefit of the qualified dependents shall also be applied to/enjoyed by the declared foster child dependent.

This circular is for immediate implementation.



# PhilHealth updates

## PhilHealth Circular No. 20, s2014: All Case Rates (ACR) Policy No. 4 – Directly Filed Claims for ACR and Return to Sender

In response to the clamor from members to allow direct filing for reasons other than claims for confinements abroad and claims for emergency confinements in non-accredited health care institutions (HCI), PhilHealth issued Circular No. 20, s2014 to expand the conditions allowed for direct filing of claims.

The rules on direct filing do not give the HCI the right to encourage PhilHealth members to directly file their claims for reimbursement. The HCIs are mandated to exhaust all possible means in order to determine the eligibility of a beneficiary and consequently deduct the PhilHealth benefit prior to discharge. The Corporation has made available several mechanisms for an HCI to

verify PhilHealth Benefit Eligibility Form (PBEF), including access to call centers and local health insurance offices.

Members are requested to always provide correct and accurate information and submit all required documents on time to facilitate verification of PhilHealth eligibility.

### I. General guidelines on directly filed claims

1. The HCI shall always deduct the appropriate PhilHealth benefits of the beneficiary (full case rate: first case rate plus second case rate, if applicable) from the total actual charges of the HCI.
2. Only conditions and procedures approved in the All Case Rates Policies (PC No. 35, s2013 and PC No 9, s2014) shall be reimbursed by the Corporation.

Medical conditions and procedures that are not in any of the aforementioned policies shall be denied.

3. In addition to the cases enumerated in PC No. 35, s2013, direct filing of claims shall also be allowed in the following conditions:
  - a) Any situation where patient/member is unable to secure the required documents such as, but not limited to, employer's certification that is required in Claim Form 1 during the weekend/holiday confinements (declared national or local) of employed members and their dependents
  - b) Claims for peritoneal dialysis
  - c) Claims for Animal Bite Package
  - d) Other circumstances as may be determined by the Corporation
4. There shall be no splitting of payment of PhilHealth reimbursement. The full case rate amount shall be paid to the member. Hence, the HCI personnel shall inform the doctor/s handling the case that the patient-beneficiary is filing the claim with PhilHealth directly.
5. Directly filed claims shall be reimbursed as case rate. The full case rate amount (first and second case rate if applicable) shall be reimbursed to the member regardless of the total amount of health care institution charges and professional fees.

# PhilHealth updates

## II. Rules on direct filing of claims

1. The following are the mandatory requirements for direct filing of claims for cases enumerated in Section I no. 3 above:

a) Claim Forms 1 and 2, completely and properly filled out

b) Claim Form 3 (CF 3) completely and properly filled out

i. In lieu of CF 3, the following are acceptable alternatives: photocopy of chart, clinical abstract, etc.

ii. For Animal Bite Package, the treatment card/animal bite treatment record shall be submitted instead of CF 3.

c) Other documents as needed such as, but not limited to, proof of premium contribution, records of operative or surgical technique and anesthesia

d) Waiver issued by the health care institution that the member paid the full amount for the confinement and no PhilHealth deductions were made.

2. The requirements for direct filing of claims for confinements abroad and emergency confinements in non-accredited HCI shall remain as prescribed in PC No. 35, s2013.

3. As with claims filed with HCIs, the health care institution shall be responsible for filling out all appropriate fields in Claim Forms 2, 3 and supporting documents (e.g., Waiver Form for Directly Filed Claims) and shall be held

accountable for the accuracy and correctness of the entries therein. The HCI shall assist the patient in properly filling out Claim Form 1.

4. All claim forms and required documents must be completely and properly filled out; claims with incorrect/incomplete/without ICD 10 or RVS codes shall be returned to sender (RTS), i.e., the member, for completion/correction by the health care providers (HCPs).

5. Re-filed claims with non-compliance to deficiencies stated in the RTS letter shall be denied.

6. Members whose directly filed claims are denied may file for motion for reconsideration. Directly filed claims that have already been denied but are pending motion for reconsideration or appeal shall

be decided considering the new provisions in this Circular.

7. The deadline for submission of directly filed claims (except for those confinements abroad and emergency confinements in non-accredited HCIs) shall be 60 days after date of discharge or on October 27, 2014, whichever is later; otherwise, the claim shall be denied. All directly filed claims shall be processed subject to other existing rules of the Corporation.

8. Emergency confinements in non-accredited HCIs shall follow existing rules on claims filing. Submission of claims shall still be within 60 days from the date of discharge.

9. Likewise, claims for confinements abroad shall follow existing rules on claims filing. Submission of claims shall still be within 180 days from the date of discharge.

# PhilHealth updates

### III. Return to sender (RTS)

Upon the request of its partner providers, PhilHealth is allowing RTS for all claims until further notice. The Corporation is granting this request to give the health care providers another opportunity to make sure claims filed by members with PhilHealth are free from errors or any violations of the laws and established rules of the Corporation.

It is the responsibility and accountability of the health care providers and, in fact, in their best interest, to completely and properly fill out the claim forms at all times to facilitate reimbursement.

For the full version of PhilHealth Circulars, please refer to the PhilHealth website: [www.philhealth.gov.ph](http://www.philhealth.gov.ph).



# SSS updates

## SSS Circular No. 10, s2014: Revised Interest Rates for the Housing Loan Program and Socialized Housing Price Ceiling

The Social Security System (SSS) has revised the interest rates of the SSS Individual Housing Loan Program, as follows:

Individual housing loan program	
Loan amount	Interest rate
Up to P450,000	8% p.a.
Over P450,000 to P1M	9% p.a.
Over P1M to P1.5M	10% p.a.
Over P1.5M to P2M	11% p.a.

## SSS Circular No. 11, s2014: Amendments to Circular No. 10, 2012 on the SSS Educational Assistance Loan Program

SSS has issued amendments pertaining to the implementation of the SSS Educational Assistance Loan Program (EALP), particularly on the consolidation of all educational loan releases.

All semestral/trimestral/quarter-term releases shall be consolidated at the end of the one-year grace period after completion of the course, including the accrued interests from the actual dates of releases up to the date of consolidation. The consolidated amount shall be the principal loan to be amortized over the preferred term.

Consolidation of all releases shall mean that the member's consolidated educational loan is due for repayment resulting either in the beneficiary's completion of the course or on the borrower's failure to file for subsequent loan within a period of 18 months for semestral courses, 15 months for trimestral courses, and 14 months and 15 days for quarter term courses. Upon consolidation, any unused allocation shall be returned to the available EALP fund for allocation to the wait-listed new/initial educational loan borrowers.

To facilitate the determination of the consolidation date, guidelines shall be as follows:

- a. For semestral courses, on the last day of the 18-month period from the month of last release

- b. For trimestral courses, on the last day of the 15-month period from the month of last release
- c. For quarter term courses, on the 15th day following the 14-month period from the month of last release
- d. The month immediately following the last loan date shall be considered the first month for purposes of counting the above-stated periods.



# SSS updates

## SSS Circular No. 15, s2014: Amendments to Circular No. 18, 2012 on the Existing Guidelines of the SSS Short-Term Member Loans

SSS has issued the following guidelines on the granting of short-term member loans:

1. Allow the granting of salary loan to member-borrowers who were already granted final benefit (total permanent disability and retirement) but whose benefits were cancelled due to re-employment or to recovery from disability. The approval shall be subject to the existing terms and conditions under Circular No. 18, s2012, which is not contrary to this amendment.
2. Any outstanding loan balances of the member-borrower will be deducted from the proceeds of the final benefit once claim is re-filed.

3. Processing of salary loan application shall be in accordance with Office Order No. 2012-77 (New Functions of Member Services Section of the Branches).

For the full versions of SSS Circulars, please refer to the SSS website: [www.sss.gov.ph](http://www.sss.gov.ph).

## SSS unveils new retirement fund

Last September 25, 2014, the SSS launched a new retirement savings scheme called the SSS Personal Equity and Savings Option (SSS PESO) that offers its members an additional way of saving for their retirement.

The SSS PESO fund is open to all members below 55 years old with six consecutive SSS contributions within the last 12 months prior to enrolment and who have not yet filed final claims with the SSS. Qualified members can participate

for a minimum contribution of P1,000 up to a maximum of P100,000 per year. Self-employed, voluntary and overseas Filipino worker (OFW) members should be paying the maximum SSS contribution to qualify.

Savings in the SSS PESO Fund are invested in sovereign guaranteed investments, where 65 percent of the total fund is allocated for retirement, and 35 percent is for medical and general purposes. SSS PESO accounts will be charged a 1 percent administration fee annually. Aside from the guaranteed earnings, SSS PESO Fund members may also get excess earnings, which will be credited automatically to their accounts, depending on the actual year-end performance of the SSS PESO Fund.

Savings in SSS PESO Fund can be withdrawn upon the member's effective date of retirement or total disability with the SSS either in monthly pensions over a minimum period of 12 months and P1,000 payment per month, in lump sum, or a combination of both.

To find out more about the SSS PESO Fund, visit your nearest SSS branch.





# DOLE update

**Region XII, SOCCSKSARGEN (Cities of Cotabato, General Santos, Kidapawan, Koronadal and Tacurong; and the Provinces of North Cotabato, Sarangani, South Cotabato, and Sultan Kudarat) Wage Order No. RB XII-18**

Upon effectivity on August 1, 2014:

- Integration of cost of living allowance (COLA) -- P10.00 to P14.00 -- under Wage Order No. RB XII-17 into the basic pay
- Effective January 1, 2015, grant of new P5.00 COLA per day

## Daily minimum wage rates effective 1 August 2014

Sector/Industry	Minimum wage after integration of COLA under WO RB XII-17 and simplification (upon effectivity)	COLA (effective 1 January 2015)	New minimum wage rates (effective 1 January 2015)
Non-agriculture	P270.00	P5.00	P275.00
Agriculture	P252.00	P5.00	P257.00*
Retail/service establishment	P250.00	P5.00	P255.00*

- \* Rate of the reclassified/simplified Agriculture Industry applies to both Plantation and Non-Plantation industries. Likewise, rate for Retail/Service Establishments applies to those establishments employing more than 10 workers and those employing not more than 10 workers.



# SEC update

## SEC MC No. 16, s2014: Principal office address of corporations and partnerships

The Securities and Exchange Commission (SEC) issued SEC Memorandum Circular (MC) No. 6, s2014, directing existing corporations and partnerships whose articles of incorporation or articles of partnership still indicate a general address as their principal office address – such as a city, town or municipality, or “Metro Manila” – to file on or before December 31, 2014, amended articles of incorporation or amended articles of partnership, as the case may be, in order to specify their complete addresses, such that it has a street number, street name, barangay, city or municipality, and if applicable, the name of the building, the number of the building, and name of the room or unit.

To ease the burden on the part of affected corporations and partnerships in effecting an amendment of their articles whenever they transfer or move to a new location, the SEC issued the following guidelines:

1. In the event that a corporation whose principal office address as indicated in its articles is already specific and complete or fully compliant with the aforementioned Circulars, has moved or moves to another location **within the same** city or municipality, the corporation is not required to file amended articles of incorporation. It must, however, declare its new or current specific address in its General Information Sheet (GIS) within 15 days from transfer to its new location. “Metro Manila” shall not be considered a city or municipality for this purpose.
2. Notwithstanding the above provision, a corporation is not precluded from filing amended articles of incorporation to indicate its new location within the same city or municipality of its former address.
3. Failure on the part of the corporation to file the GIS within the prescribed period shall constitute a violation of Section 16 of the Corporation Code and shall subject the corporation to the imposition of penalty in accordance with the existing scale of fines.
4. In all other cases, the corporation must file amended articles of incorporation to indicate its new location in another city or municipality.
5. In the case of a partnership, considering that it has no obligation to file the GIS, it is required to file amended articles of partnership every time it transfers to a new location within the same or another city or municipality.
6. Corporations and partnerships shall be deemed to have been duly notified or validly served where the Commission has sent its subpoena, summons, notice, show cause letter, and other communications to the address indicated in the articles of incorporation or partnership, and/or GIS, as the case may be.

For the full version of the Memorandum Circular, please refer to the SEC website: [www.sec.gov.ph](http://www.sec.gov.ph).

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