



#TeamPwC has topped Vault's Top 25 Accounting Firms

Client Advisory Letter

**Undisputed assessment^{p3} |
Hospital rate^{p4} | No surcharge^{p7} |
Sunset provision^{p9}**

April 2022



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Taxes, compliance matters, assessments, and refunds

Undisputed assessment

Effect of late filing of protest against a Final Assessment Notice

A taxpayer received a Final Assessment Notice (FAN) on 3 June 2013. Accordingly, it had 30 days or until 3 July 2013 to file its protest. However, it filed its protest on 4 July 2013, beyond said 30-day period. On 14 December 2014, the BIR issued a Final Decision on Disputed Assessment upholding the deficiency tax assessments.

The taxpayer elevated the case to the CTA seeking to invalidate the FAN on the grounds that the revenue officers who conducted the audit were not authorized by a valid Letter of Authority and that the right of the BIR to assess some of the taxes had already prescribed.

Despite these legal grounds, the CTA dismissed the taxpayer's appeal due to lack of jurisdiction. According to the CTA, its jurisdiction was over "disputed assessments" and since the taxpayer failed to file a timely protest against the FAN, the assessment did not ripen into a "disputed assessment".

In support, the CTA cited several Supreme Court decisions holding that the failure to file a timely protest renders the assessment final and unappealable; is fatal to the taxpayer's case as the assessment attains finality; and bars the taxpayer from disputing the correctness of the assessments.

(CTA EB No. 2374, promulgated 16 March 2022)

Point of interest

Compensatory or legal interest awarded by the courts is tax-exempt

In a civil case involving undocumented withdrawals by a bank from the trust account of a certain individual, the Supreme Court ordered the bank to return the amounts to said individual plus compounded interest per annum until fully paid. When the bank paid the monetary award, it applied a 20% final withholding tax (FWT) on the interest.

Subsequently, the individual filed with the BIR a claim for refund of the 20% FWT. Following the inaction of the Commissioner of Internal Revenue, the refund claim was elevated to the CTA.

The CTA granted the claim for FWT refund, reasoning as follows:

- The monetary award received by the individual was based on a Supreme Court decision consisting of the undocumented withdrawals from his trust account plus interest, which constitutes compensatory interest imposed by the law or by the courts.
- Since compensatory interest, or legal interest imposed by courts on a judgment award is considered a form of penalty or indemnity for damages, it cannot be rightfully considered taxable income.
- The interest is considered exempt under the Tax Code which provides that interest income from long-term deposit or investment in the form of savings, common or individual trust funds and investment management accounts are exempt from income tax.
- Applying the 'origin of claim test', the payments received by the individual from winning the case against the bank clearly originated from the trust accounts invested in the bank. With respect to interest awarded with the restored funds, they are in the nature of an indemnity for income that could have been earned from the funds had they not been debited to begin with.

(CTA EB No. 2370, promulgated 18 March 2022)

Intent to evade

The 10-year prescriptive period does not apply to all false returns

Under Section 222 of the Tax Code, in the case of a false or fraudulent return with intent to evade tax, deficiency taxes may be assessed any time within 10 years after discovery of the falsity.

To justify a deficiency tax assessment issued within the 10-year prescriptive period applicable to false or fraudulent returns, the BIR argued that the taxpayer's tax

Glossary

BIR – Bureau of Internal Revenue

CTA – Court of Tax Appeals

return was obviously false because the taxpayer declared in its return that it was exempt when it was not.

The CTA disagreed that the return was a 'false return' as contemplated under Section 222. It cited a Supreme Court decision which held that the mere entry of wrong information in tax returns due to mistake, carelessness or ignorance, without intent to evade tax, does not constitute a false return. Hence, it is not sufficient that the return is false. There must also be sufficient proof of intent to evade tax.

The CTA also explained that the very meaning of a deficiency assessment is that there was an error or omission on the part of the taxpayer in the latter's tax return preparation or tax payment. However, each and every error does not and should not result in the application of the 10-year prescriptive period. Otherwise, BIR examiners could mercilessly and arbitrarily raise the argument of a false return giving rise to the 10-year prescriptive period.

(CTA EB No. 2346, promulgated 15 March 2022)

Into the void

An assessment can still be valid despite a void FDDA

After receiving the denial of its motion for reconsideration of a Final Decision on Disputed Assessment (FDDA), the taxpayer appealed to the CTA which ruled that the FDDA was void for failing to state the facts, applicable law, rules and regulations, or jurisprudence on which said FDDA was based.

Notwithstanding, the CTA ruled that the void FDDA does not render the entire deficiency tax assessment void as well. It cited the Supreme Court decision in *Commissioner of Internal Revenue vs. Liquigaz Philippines Corporation* (G.R. Nos. 215534 and 215557) where it was held that a void FDDA is tantamount to a denial by inaction of the Commissioner of Internal Revenue, which inaction may be appealed to the CTA where the assessment will be evaluated on the merits.

As a result, the CTA remanded the case for determination of the validity of the assessment items in the FDDA.

(CTA Case No. 2293, promulgated 1 March 2022)

Glossary

BIR – Bureau of Internal Revenue

CTA – Court of Tax Appeals

Hospital rate

Income taxation of proprietary educational institutions and non-profit hospitals

The BIR issued regulations to implement Republic Act No. 11635 which pertains to the income taxation of proprietary educational institutions, and hospitals which are non-profit. These regulations provide for the following:

- These are covered by the 10% income tax rate (except from 1 July 2020 to 30 June 2023 when the rate shall temporarily be 1%):
 1. Proprietary educational institutions;
 2. Hospitals which are non-profit; and
 3. Non-stock, non-profit educational institutions whose net income or assets inure to or benefit any member or specific person.
- The 25% rate shall be imposed if the gross income from unrelated trade, business or other activity exceeds 50% of total gross income from all sources.
- Non-stock, non-profit educational institutions that are tax-exempt shall be subject to the 25% income tax rate on the portion of revenues or assets not actually, directly and exclusively used for educational purposes.

(Revenue Regulations No. 3-2022, published on 11 April 2022)

Use of PERA

Additional guidelines in implementing the tax provisions of the PERA Act of 2008

The BIR issued additional guidelines for the implementation of the Personal Equity and Retirement Account (PERA) Act of 2008. Here are some salient provisions:

- The PERA-Tax Credit Certificate (PERA-TCC) is the document evidencing the tax credit of 5% of the total qualified PERA contributions made in a year. The approved PERA-TCC shall be generated through the ePERA System.
- The PERA-TCC shall be used only for payment of income taxes of qualified employees or self-employed contributors. For overseas Filipino contributors, it can be used for payment of any internal revenue tax.

In the case of employee contributors, the PERA-TCC should be submitted to the employer to apply the gross amount of the PERA-TCC during annualization. On the other hand, self-employed and overseas Filipino contributors shall attach the PERA-TCC to the tax returns. These duly received tax returns and attached PERA-TCC shall be submitted to the concerned Revenue District Office.

(Revenue Regulations No. 2-2022, published on 7 April 2022)

Car troubles

Clarifying the taxable base of excise taxes on automobiles in the sworn statement

The BIR clarified below the application of the correct taxable base when computing the excise tax for automobiles in the manufacturer's/assembler's or importers sworn declaration:

- The excise tax on automobiles based on the manufacturer's/assembler's or importer's selling price ("Selling Price"), net of excise tax and VAT ("Net Price") shall be as follows:

Net Price	Tax Rate
Up to ₱600,000	4%
Over ₱600,000 to ₱1m	10%
Over ₱1m to ₱4m	20%
Over ₱4m	50%

- The Net Price refers to the price, net of excise tax and VAT, at which locally manufactured/assembled or imported automobiles are offered for sale to dealers or to the public, as reflected in the manufacturer's/assembler's or importer's sworn statement duly filed with the BIR or in their sales invoices/official receipts, whichever is higher.

The Selling Price should include the following:

- Value of car air conditioner, radio, mag wheels, including installation cost, whether or not actually installed in the automobile;

- Value of other accessories deemed necessary due to technological advancement that were installed or for installation (e.g., leather seats, air bags, cruise control, safe exit warnings, remote parking systems, live blind spot video fees, cameras, wireless smartphone connectivity and charging, tracking software, sensors, push button start, navigation system, etc.);
 - Value of factory-installed accessories or optional equipment that are removed or sold, or previously removed and then returned for installation plus installation costs; and
 - Billings for accessories installed outside the production or assembly plant or after release from customs custody but before actual sale.
- The Selling Price should not be less than both 80% of the actual dealer's suggested selling price, net of excise tax and VAT, and the sum of the cost and 10% industry profit margin. In this regard, the suggested selling price shall not be less than actual selling price.
 - In light of the foregoing, there are three primary taxable bases for excise taxes on automobiles, namely:
 - Declared manufacturer's or importer's selling price, net of excise tax and VAT;
 - 80% of actual dealer's price, net of excise tax and VAT; and
 - Cost of importation and expenses divided by 90%.

(Revenue Memorandum Circular No. 63-2022, issued on 28 April 2022)

No-contact registration

Availability of Central Business Portal for online registration

The Central Business Portal (CBP) has been expanded to the Department of Trade and Industry (DTI) and additional local government units (LGUs) in the processing of business registrations. Single proprietors, corporations and partnerships can process their BIR registration through the CBP.

The CBP is an online platform aimed to streamline and integrate the business registration processes of the SEC, DTI, BIR, SSS, PhilHealth, HDMF and selected LGUs in Metro Manila. In this regard, the following guidelines should be observed:

Glossary

BIR – Bureau of Internal Revenue
HDMF – Home Development Mutual Fund
Philhealth – Philippine Health Insurance Corporation
SEC – Securities and Exchange Commission
SSS – Social Security System
VAT – Value-Added Tax

1. Business taxpayers registering through the CBP may pay their Annual Registration Fee (ARF) and loose DST either electronically or manually;
2. Business taxpayers paying online may immediately have their electronic Certificate of Registration (COR) with Quick Response Code printed on A4 bond paper through the CBP;
3. The electronic COR has the same purposes as the signed hard copy issued, thus, is required to be posted together with the proof of ARF payment in the principal place of business;
4. Business taxpayers who pay manually shall complete their business registrations in their respective Revenue District Offices (RDOs) by presenting the printed copy of the following CBP-generated documents, together with the Checklist of Documentary Requirements:
 - a. CBP Unified Form;
 - b. Tax Type Questionnaire; and
 - c. BIR Form No. 0605;
5. Business taxpayers registered in the CBP shall immediately proceed to the RDO in order to complete registration, purchase BIR Printed Receipts/Invoices and secure an Authority to Print receipts/invoices;
6. Books of accounts should be registered on or before the deadline of the initial quarterly or annual income tax return, whichever comes first; and
7. Any correction on the tax returns or tax types in the electronic COR shall require updates with the concerned RDO.

(Revenue Memorandum Circular No. 61-2022, issued on 28 April 2022)

Vaccine updates

Updated list of VAT-exempt medicines for COVID-19 treatment and hypertension

The BIR published the Food and Drug Administration (FDA) letter dated 11 April 2022 which includes certain medicines for COVID-19 treatment and hypertension, and corrects certain cancer medicines in the List of VAT-Exempt Medicines Under RA No. 11534 (the "List").

Glossary

BIR – Bureau of Internal Revenue
 DST – Documentary Stamp Tax
 RA – Republic Act
 VAT – Value-Added Tax

It also published the FDA letter dated 29 March 2022 which includes medicines for COVID-19 treatment to the List.

The above letters are attached Revenue Memorandum Circular Nos. 51-2022 and 47-2022, respectively, which may be viewed at or downloaded from www.bir.gov.ph.

(Revenue Memorandum Circular Nos. 51-2022 and 47-2022, issued on 21 and 19 April 2022)

Alignment

Amending certain Q&As in RMC 24-2022 in relation to CREATE Act and its IRR

The BIR amended the following questions and answers (Q&As) in Revenue Memorandum Circular (RMC) No. 24-2022 in order to align the same with the CREATE Act and its implementing rules and regulations (IRR):

1. Q&A No. 10 was amended to remove the specific reference to registered export enterprises and domestic market enterprises (DMEs) since other taxpayers have also been affected by the deferment of RR No. 9-2021. Hence, all affected taxpayers may follow the options in Q&A Nos. 8 and 9.
2. Regarding sales by registered non-export locators or DMEs located in Ecozones and Freeport Zones, Q&A No. 17 was amended to distinguish the rules between sales made prior to the CREATE Act and sales made during its effectivity.
 - a. Seller was registered prior to CREATE Act
 - If under the 5% gross income tax (GIT) – VAT-exempt on sales inside the Ecozone or Freeport Zone and to the customs territory
 - If under income tax holiday (ITH) – VAT zero rate on sales to registered export enterprises
 - If under ITH – 12% VAT on sales to non-export locators inside the Ecozones or Freeport Zones and to the customs territory
 - b. Seller was registered during the CREATE Act
 - Sales to registered export enterprises – VAT zero rate
 - Sales to DMEs within the Ecozones and Freeport Zones and to the customs territory – 12% VAT

3. The answer to Q&A No. 31 was amended to make the following distinctions:
- a. Registered export enterprises whose sales are generated only from the registered activity and have shifted from the ITH to the 5% GIT or SCIT regime are required to change their registration from VAT to non-VAT within 2 months from ITH expiration.
 - b. Registered export enterprises enjoying the 5% GIT who were VAT-registered at the time of the effectivity of the CREATE Act are required to change their registration to non-VAT within 2 months from the effectivity of RMC No. 49-2022.
 - c. Registered export enterprises with activities other than their registered activities that are subject to either the 12% VAT or VAT zero rate shall remain VAT taxpayers and shall report their sales as vatable, zero-rated and/or VAT-exempt.
4. The answer to Q&A No. 33 was amended to add that sales that were qualified for VAT zero-rating but not supported by an approved application for VAT zero-rating may not be required to file such prior application until 09 March 2022 or the effectivity of RMC No. 49-2022. However, the 3 requirements in Q&A No. 37 should still be complied with.

(Revenue Memorandum Circular No. 49-2022, issued on 20 April 2022)

ITR attachments

Clarifying the deadline of submitting attachments to the 2021 annual ITRs

The BIR clarified that the deadline for submitting the attachments to the 2021 annual income tax return (ITR) is 31 May 2022, whether the electronically filed annual ITR is an original or an amended return. The submission shall be made either manually with the Revenue District Office or the Large Taxpayer Division where the taxpayer is registered, or electronically through the Electronic Audited Financial Statements (eAFS) System.

Manual filers of the 2021 annual ITR are reminded to manually pay to any Authorized Agent Bank or to the Revenue Collection Officer of any Revenue District Office on or before 18 April 2022.

(Revenue Memorandum Circular No. 46-2022, issued on 18 April 2022)

PERA withdrawals

Penalties for early withdrawal of qualified contributions under PERA Act of 2008

Pursuant to RR No. 2-2022, the 5% and 20% penalties for the early withdrawal of qualified contributions under the Personal Equity and Retirement Account (PERA) Act of 2008 shall be remitted by the PERA Administrator through the online filing and payment facilities of the BIR on or before the last day of the month after the close of the quarter when the deduction was made.

The Payment Form (BIR Form No. 0605) shall be accomplished under the name of the PERA administrator by providing all required information. Also, the amount of penalties shall be based on the aggregate respective totals of the 5% and 20% penalties as reflected in the Quarterly Report on PERA Distributions / Early Withdrawals / Terminations.

(Revenue Memorandum Circular No. 45-2022, issued on 13 April 2022)

No surcharge

Discontinuing the 25% surcharge on deficiency taxes in amended returns

Revenue Memorandum Circular (RMC) No. 54-2018 provides that when a tax return is amended which results in additional tax due, a 12% interest and a 25% surcharge shall be imposed.

Meanwhile, RMC No. 46-1999 provides that no 25% surcharge shall be imposed when computing deficiency taxes as a result of a tax audit.

To reconcile these two RMCs, the BIR will no longer impose the 25% surcharge on additional taxes due in amended tax returns, provided, that the initial tax return was filed on time. Consistently, the BIR will also not impose the 25% surcharge on deficiency taxes assessed during a tax audit unless it is found that the tax return being audited was filed late.

(Revenue Memorandum Circular No. 43-2022, issued on 12 April 2022)

Glossary

BIR – Bureau of Internal Revenue
RR – Revenue Regulations
VAT – Value-Added Tax

ITR deadline

Clarifying the deadline for filing annual ITRs for calendar year 2021

Since 15 April 2022 is a non-working holiday, the deadline for filing the annual ITR for calendar year 2021 is 18 April 2022. The BIR will not impose interest, surcharge and penalties on amended 2021 annual ITRs if a tentative annual ITR was filed on or before 18 April 2022 and the amended return was filed on or before 16 May 2022.

Taxpayers who are required to use eFPS and eBIRForms should observe the following in the filing of the 2021 annual ITR and the payment of income taxes:

- eBIRForms taxpayers should file their returns using the eBIRForms System.
- eFPS taxpayers should file their returns electronically. In case newly created tax returns are not yet available in the eFPS but available in the eBIRForms System, the latter should instead be used.
- The income tax may be paid through any of the following:
 1. Manually through any Authorized Agent Bank or Revenue Collection Officer
 2. Electronic payment facilities
 3. For eFPS taxpayers, BIR Form No. 1702RT should be filed through eFPS, with or without payment. On the other hand, BIR Form Nos. 1702EX and 1702MX shall be filed through the eBIRForms System but payment shall be made through eFPS using BIR Form No. 0605, indicating the tax type code "IT" and the Alphanumeric Code "MC 200."
- For non-eFPS taxpayers, "no payment" returns shall be filed electronically through the eBIRForms system. However, the following may file their "no payment" returns manually:
 - a. Senior citizens or persons with disability filing their own returns;
 - b. Employees earning purely compensation income from two or more employers during the year or from a single employer but whose spouse is not qualified for substituted filing; and
 - c. Employees qualified for substituted filing but opted to file an ITR for purposes of promotion,

loans, scholarships, foreign travel requirements, etc.

- All tax returns, attachments and documents can be signed by the taxpayer or authorized signatory using an electronic signature which is deemed equivalent to an actual or wet signature.

(Revenue Memorandum Circular No. 42-2022, issued on 12 April 2022)

Using the eAFS

Clarifying the use of the eAFS System

The BIR clarified the use of the Electronic Audited Financial Statements (eAFS) System as follows:

- The eAFS submission of eFiled annual ITRs and attachments applies to any taxable year and all succeeding fiscal and taxable years. For this purpose, the existing procedures on submissions to the eAFS System shall be observed.
- The use of electronic signature applies to all tax returns, attachments and documents required to be submitted.

(Revenue Memorandum Circular No. 40-2022, issued on 6 April 2022)

WFH issues

Manner of paying the penalty for violating conditions for WFH arrangements

Under Fiscal Incentives Regulatory Board (FIRB) Resolution No. 19-2021, Registered Business Enterprises (RBEs) should comply with certain conditions in relation to their Work-From-Home (WFH) arrangement with employees. Otherwise, their tax incentives shall be suspended.

In this regard, the BIR issued RMC No. 23-2022 imposing the regular corporate income tax as penalty for the month when the violation of said conditions were committed. The same RMC gave RBEs the option to voluntarily pay the penalty by using either BIR Form No. 1702-MX or BIR Form No. 0605, depending on whether

Glossary

BIR – Bureau of Internal Revenue

eFPS – Electronic Filing and Payment System

ITR – Income Tax Return

RMC – Revenue Memorandum Circular

or not the RBE has transactions subject to regular income tax.

To avoid confusion in the manner of voluntary payment, the BIR has removed the above distinction and prescribed just one form, BIR Form No. 0605, to be used for voluntary payment. In the said form, the phrase “Penalty pursuant to FIRB Res. No. 19-2021” should be indicated in the field for “Others” under “Voluntary Payment.”

RMC NO. 39-2022 also illustrates how the penalty should be computed which depends on whether the RBE is subject to the income tax holiday or to the 5% gross income tax. The penalty should be paid within 30 days after the deadline for paying income tax.

(Revenue Memorandum Circular No. 39-2022, issued on 6 April 2022)

Sunset provision

Expiration of VAT zero-rate incentive for export enterprises before the CREATE Act

All existing registered export enterprises (REEs) before the CREATE Act who will continue availing their existing income tax incentives may continue to enjoy VAT zero-rating on local purchases directly attributable and exclusively used in the registered project or activity until the expiration of the transitory period as follows:

1. For REEs with income tax holiday (ITH) only – until the remaining ITH period
2. For REEs with ITR and/or 5% gross income tax – until the expiration of the 10-year limit

(Revenue Memorandum Circular No. 38-2022, issued on 6 April 2022)

CETI alternative

Clarifying the submission of Certificate of Entitlement to Tax Incentives

All registered business enterprises (RBEs) enjoying tax incentives under the transitory provisions of Section 311 of the Tax Code and all business enterprises registered under the CREATE Act are required to apply for a Certificate of Entitlement to Tax Incentives (CETI) with their respective Investment Promotion Agencies (IPAs) before filing their annual income tax returns (ITRs).

However, RBEs which already have certificates of entitlement to tax incentives in a format previously prescribed by their IPA (e.g., certificate of entitlement to income tax holiday, certificate of available incentives,

certificate of registration and tax exemption, etc.) shall be allowed to attach the same to their annual ITR for 2021 in lieu of the CETI.

(Revenue Memorandum Circular No. 36-2022, issued on 6 April 2022)

Prescribed formats

Uniform templates for VAT Zero Percent (0%) Certifications to be issued by IPAs

Question and Answer No. 34 of RMC No. 24-2002 provides that Investment Promotion Agencies (IPAs) shall annually issue a VAT Zero Percent (0%) certification to REEs indicating the:

1. Registered export activity;
2. Tax incentives entitlement under agreed terms and conditions with validity period; and
3. The applicable goods and services.

In this regard, the BIR circularized the respective templates of the VAT Zero Percent (0%) Certification to be issued to REEs and the VAT Zero Percent (0%) Certification to be issued to existing REEs prior to CREATE.

(Revenue Memorandum Circular No. 36-2022, issued on 6 April 2022)

TCC revalidation

Policies and procedures for the revalidation of tax credit certificates

The BIR issued policies and procedures in the processing, verification and approval of requests for revalidation of tax credit certificates (TCCs). Here are some salient features:

- All applications for TCC revalidation shall be filed with the Miscellaneous Operations Monitoring Division under the Collection Service at the BIR National Office.
- Applications should be submitted before the expiration of the validity period of the original TCC.

Glossary

BIR – Bureau of Internal Revenue

REE – Registered Export Enterprise

VAT – Value-Added Tax

- A new TCC will be issued reflecting the unutilized balance.
- No revalidated TCC shall be issued unless the TCC holder is certified as having no outstanding tax liability which refers to an assessment that is already final and executory.
- Issued TCCs that remain unutilized after 5 years from date of issue without a timely filed application for revalidation shall be considered invalid. Revalidated TCC shall also be valid for 5 years from date of issue.
- All pending applications filed before the RMO No. 26-2022 shall be processed in accordance with the latter RMO.

(Revenue Memorandum Order No. 26-2022, issued on 29 April 2022)

Bank advisory

Deadline for filing annual income tax returns for calendar year 2021

All Authorized Agent Banks are advised as follows:

- There is no extension of the 18 April 2022 deadline for filing annual income tax returns (ITRs) for calendar year 2021.
- Amended 2021 annual ITRs with additional income taxes due that are filed on or before 16 May 2022 (wherein the original annual ITR was timely filed) should be accepted even if there are no increments imposed. These amended annual ITRs should also be accepted notwithstanding Revenue District Office jurisdiction.

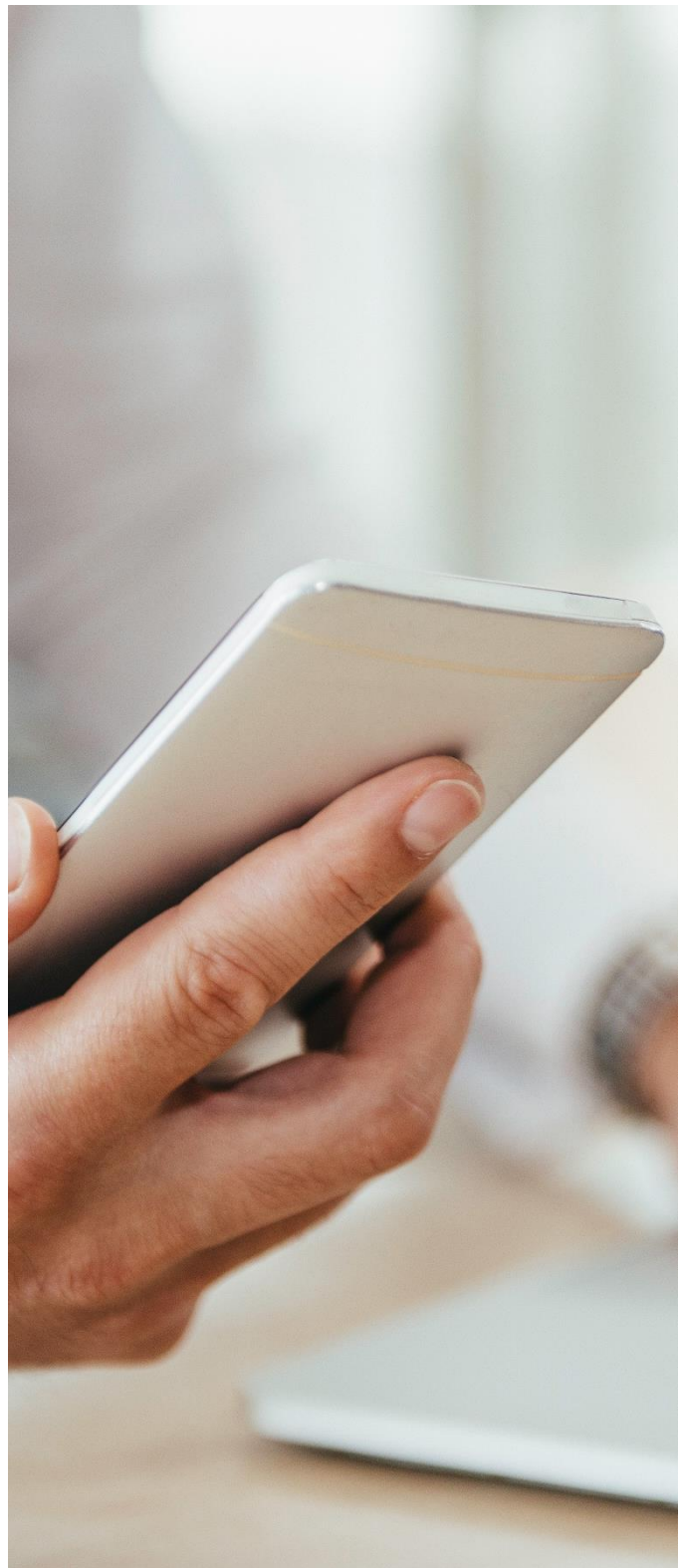
(Bank Bulletin No. 12-2022, dated 7 April 2022)

ONETT payments

Acceptance of tax returns and payments without the “TIN VERIFIED” stamp

All Authorized Agent Banks (AABs) are advised to accept payments pertaining to One-Time Transactions (ONETT) even without the TIN VERIFIED stamp in the tax return and without requiring the signature of the concerned Revenue District Officer or Revenue District Office representative. This advisory applies to all downloaded and photocopied tax returns originally filled and signed.

(Bank Bulletin No. 11-2022, dated 28 March 2022)



Glossary

RMO – Revenue Memorandum Order
 TIN – Tax Identification Number

Latest on regulatory landscape

Wage disclosure

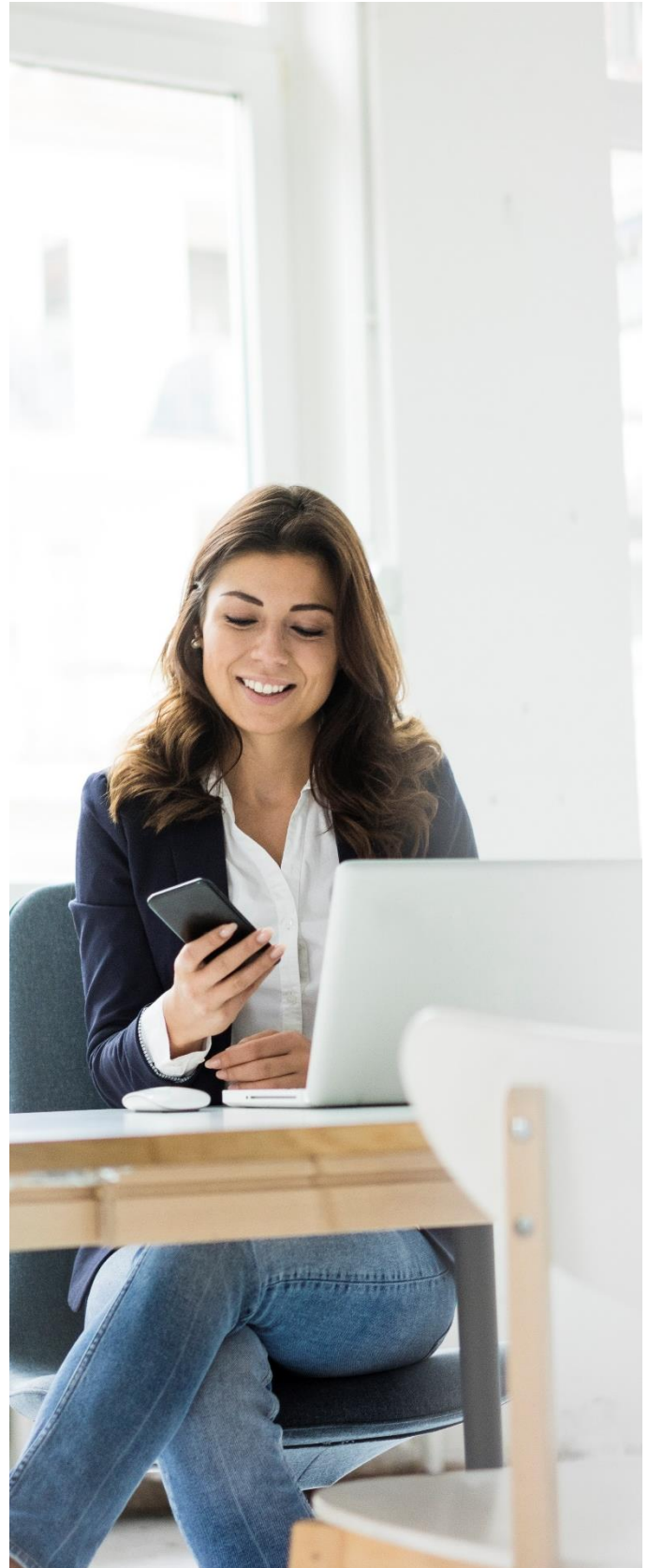
Submission of Annual Establishment Report on Wages

All private establishments are required to submit an annual report on “a verified itemized listing of their labor component, specifying the names of their workers and employees below the managerial level, including learners, apprentices and disabled/handicapped workers who were hired under the terms prescribed in the employment contracts, and their corresponding salaries and wages.”

In this regard, all private establishments are required to register and log-in to the online portal of the Annual Establishment Report on Wages through <https://annualwagereport.nwpc.dole.gov.ph/>.

For calendar year 2021, the report shall be submitted online from 11 April 2022 until 30 June 2022. For succeeding years, the submission shall not be later than the 31st of January of the following year.

(Labor Advisory No. 9, dated 4 April 2022)



Meet us

PwC Philippines co-presents the 1st Accounting Students Research Festival



The Philippine Institute of Certified Public Accountants (PICPA) Committee on Research & Development in cooperation with PwC Philippines, the PICPA Foundation Committee on Research and the National Association of CPAs in Education (nACPAE) held the 1st Accounting Students Research Festival on 2 and 3 April.



Gett Apostol



JJ Namuco



Dennis Malco

As the firm's chief representative to the event, PwC Philippines **Enterprise Private Companies and Broader Assurance Lead Partner Geraldine "Gett" Apostol** led the participation of the firm's selected partners and directors. The event aimed to prepare

future CPAs in embracing Research as one of the essential areas of concerns of the profession.

Guided with the event theme "Showcasing Accountancy Students Transformation through Research," the two-day event featured research paper presentations, accounting research quiz bees and research poster-making contest.

For Day 1, Gett gave the opening message. Meanwhile, **Assurance Director JJ Namuco** was one of the three judges for the Accounting Lecture Presentation Competition. In the afternoon, **Assurance Partner Dennis Malco** was one of the three judges for the Accounting Research Paper Presentation where cash prizes were given to the Best Paper and Best Presenter winners.



Dennis Bautista



Mike Castañeda

During Day 2, **Markets Director Dennis Bautista** sat as one of the three judges for the Research Poster Making Contest. For the Accounting Research Quiz Bee, **Assurance Director Mike Castañeda** was one of the three judges. Each competition yielded three winners.

Gett delivered her congratulatory message before Dr. Henry Pahilagao, Chair of the PICPA Committee on Research & Development, formally closed the event.

Alex Cabrera gives views on the country's learning crisis



PwC Philippines Chairman Emeritus Alexander B. Cabrera delivered his reaction as a member of the business sector at the joint membership forum organized by the Philippine Business for Education (PBEd) and the Management Association of the Philippines (MAP) on 7 April.

The forum focused on how to resolve the country's worsening learning crisis.



Hosted by PBEd's Regina Mison, the event also featured Prof. Kwame Akyeampong, co-chair of the Global Education Evidence Advisory Panel as the keynote speaker. Another reactor who represented the academe was Department of Education Assistant Secretary Alma Ruby C. Torio.

Alex presented data on the increase in the education index and the parallel increase in gross domestic product, as well as the strong relationship between a country's educational system and its economic prosperity. To illustrate the importance in developing soft skills among Filipino students at an early age, Alex shared samples of PwC's projects: 100 and 1 Games,

gamifying Math and Science subjects for primary and secondary levels, and PwC's Values Photo-story Contest.

In closing, Alex expressed that we have a moral and ethical obligation to educate our young the right way, so they will grow to be the best version of themselves.

Brando Cabalsi, MJ Balboa headline tax seminar for investors



PwC Philippines tax partners Brando Cabalsi and Mary Jean (MJ) Balboa were the main speakers in "Structural Options for Corporations and Taxation in the Philippines," a webinar held on 4 April in light of recent regulatory and tax developments.

The Philippine government is considering attracting more foreign investment as part of its post-COVID-19 economic recovery action plan. The amendments to the Public Service Act have been enacted to further liberalize foreign investment in certain industries that were previously nationalized. In addition, the second tax reform package or CREATE law that has been implemented since April 2021 has introduced a new fiscal incentive menu.

Tax Partner Brando Cabalsi elaborated on the structural options for acceptable corporate and tax structures for entering the Philippine market. Our other tax partner, Mary Jean Balboa, discussed key transfer pricing issues that should be considered when carrying out restructuring in the Philippines. Executive Director Kentaro Tojo delivered the opening and closing remarks.

The event, with approximately 50 minutes of viewing time, has been conducted in English with simultaneous Japanese interpretation and is available on demand. For

details, visit

<https://www.pwc.com/jp/ja/seminars/d1220207.html>. For inquiries, please contact PwC Advisory LLC's Seminar Secretariat (Attention: Kutsuzawa) at jp_pwc-seminar-mbx@pwc.com.

The webinar was the sixth in the series organized by PwC Advisory LLC. The series that began on 7 February tackles the reorganization of ASEAN businesses for Japanese companies with operations in the ASEAN region.

PNB taps PwC to help sell foreclosed North Harbour lot to ICTSI



Photo by [The Philippine Star](#)

The Philippine National Bank (PNB) tapped PwC to ensure an independent, transparent, and competitive bidding that would be beneficial to PNB.

PNB is raising PHP3.68bn from the sale of its foreclosed Manila North Harbour property to International Container Terminal Services Inc. (ICTSI).

Accounting and audit firm Isla Lipana & Co. and law firm Cabrera & Co. helped in the transaction through bid administration and legal support, respectively.

ICTSI edged out other companies in a competitive bidding held on 19 April.

PNB was selling a 32,000-square meter commercial lot and building within the Manila Harbor Centre industrial zone in Tondo, Manila with a minimum bid price of PHP3.2bn or PHP100,000 per square meter (sqm).

PNB president and CEO Jose Arnulfo "Wick" Veloso said the properties are classified under Real and Other

Properties Acquired (ROPA) or more commonly known as acquired properties by the bank. "We were able to successfully complete the sale of this ROPA through a public sealed bidding process engaging the help of PricewaterhouseCoopers. The winning bid is PHP3.68bn in cash," Veloso said. "This transaction will monetize another low-revenue-generating foreclosed property, giving the bank additional financial resources that it can use to pursue its strategy and capture opportunities brought about by the recovering economy," he added.

PwC Philippines Chairman Emeritus and ESG Leader **Alex Cabrera** led the engagement team composed of Tax Director **Jaffy Azarraga**, Deals and Corporate Finance Directors **Kate Gomez** and **Janesse Dorado**, Deals and Corporate Finance Manager **Arianna Mae Campena** and Tax Senior Associate **Leonardo Dingayan**.

(Sources: [The Philippine Star](#), [The Manila Times](#))



Talk to us

For further discussion on the contents of this issue of the **Client Advisory Letter**, please contact any of our partners.

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