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Client Advisory Letter

**Gambling issues ^{p5} | Proof of entitlement ^{p6} |
RBE incentives ^{p7} | Dissolution steps ^{p13}**

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Taxes, compliance matters, assessments, and refunds

Responsible employee

Proof of direct and active participation as a requirement for conviction of an employee

Under Section 255 of the Tax Code, any person required to pay any tax who willfully fails to pay such tax shall be punished by a fine and suffer imprisonment. In the case of juridical persons, the penalty shall be imposed on the partner, president, general manager, branch manager, treasurer, officer-in-charge and the employees responsible for the violation.

According to the Court of Tax Appeals (CTA), an individual holding the position of Executive Vice President (EVP) in a corporation does not *per se* make said individual liable for the corporation's failure to pay taxes. In order to be liable, the EVP must have been responsible for the violation.

In this regard, the CTA ruled that the EVP's letter to the Bureau of Internal Revenue (BIR) requesting for extension of time and signifying her intent to settle the tax liabilities of the corporation as its representative are not sufficient to find the EVP guilty beyond reasonable doubt. It was held that such letter does not prove the EVP's active participation in or failure to prevent the violation of the Tax Code.

Furthermore, said letter expressing her willingness to settle the tax liabilities of the taxpayer corporation cannot be received in evidence as an implied admission of guilt since it was submitted before the BIR recommended the filing of the case and before the prosecutor filed the Information.

(G.R. No. 253429, promulgated 6 October 2021)

Great rescission

Prescription of claim for CGT refund reckoned from date of filing and payment

On 5 July 2013, the seller of several parcels of land paid capital gains taxes (CGT) amounting to PHP25m to the Bureau of Internal Revenue (BIR). However, after the buyer failed to pay the selling price, the parties rescinded the contract to sell on 8 July 2016.

Within two years from rescission, the seller filed an administrative claim for refund with the BIR on 3 July

2018 and then a judicial claim for refund with the Court of Tax Appeals (CTA) on 6 July 2018.

The CTA held that the claim for refund was already filed out of time. Citing a Supreme Court decision, the CTA explained that the period of prescription should begin to run upon the filing of the final adjustment return. Since the CGT was readily ascertainable at the time the parties entered into the transaction, the CGT return was considered a final return for purposes of prescription. Hence, the prescriptive period should have been counted instead from 5 July 2013, the date of CGT filing and payment.

(CTA EB No. 2393, promulgated 1 March 2022)

Change of address

Effect of transfer of Revenue Region of taxpayers with pending tax investigations

On 3 September 2013, a taxpayer registered with Revenue Region 8 – Makati (Makati RR) received a Letter of Authority (LOA). On 29 January 2015, the taxpayer transferred its registration to Revenue Region No. 7 – Manila (RR Manila) as evidenced by its Certificate of Registration (COR) dated 29 January 2015 and signed by the Revenue District Officer of Revenue District Office (RDO) No. 29 under RR Manila.

Subsequently, however, RR Makati issued Preliminary and Final Assessment Notices (FAN) to the taxpayer on 28 October 2015 and 22 December 2015, respectively. The taxpayer filed its protest against the FAN with RR Makati. Following the inaction of the Bureau of Internal Revenue, the case was elevated to the Court of Tax Appeals (CTA).

The CTA cancelled the deficiency tax assessment because Makati RR did not possess the requisite authority to examine and issue the subject Assessment Notices considering that, at the time these Assessment Notices were issued, the taxpayer already formally transferred its registration to RR Manila.

Also, the principle of estoppel does not apply when the taxpayer duly satisfied all the compliance requirements in notifying the Bureau of Internal Revenue of its change of address and even securing a new COR which serves as an official notice of change of taxing jurisdiction.

(CTA EB No. 2322, promulgated 9 February 2022)

Taken for granted

When the running of prescriptive period to collect is suspended

On 25 May 1993, a taxpayer received a Formal Letter of Demand and Final Assessment Notice (FLD/FAN) which was timely protested. In October 2007, the taxpayer requested the cancellation of the tax assessments in said FLD/FAN on the ground of prescription of the right to collect. In August 2017, after more than 24 years, the Commissioner of Internal Revenue (CIR) denied the protest.

In response, the taxpayer elevated the case to the Court of Tax Appeals (CTA) seeking the cancellation of the deficiency tax assessments because the right of the Bureau of Internal Revenue (BIR) to collect had already prescribed.

Under the Tax Code, the running of the 3-year prescriptive period to collect deficiency taxes assessed is suspended when the taxpayer files a request for reinvestigation and the CIR grants such request. Hence, if no competent evidence is presented by the BIR to the CTA to prove that the request for reinvestigation was, in fact, granted, the running of the 3-year period is not deemed to have been suspended or tolled. Accordingly, the right of the BIR to collect in the instant case already prescribed.

(CTA EB No. 2354, promulgated 28 February 2022)

Late objection

When a security guard is considered an authorized person to receive an LOA

In a tax assessment case, the Court of Tax Appeals (CTA) in Division ruled that the deficiency tax assessments of the Bureau of Internal Revenue (BIR) were void because the Letter of Authority (LOA) was served upon a security guard who was an unauthorized person.

However, the CTA *En Banc* did not agree that a security guard is, in all cases, not an authorized person to receive the LOA for purposes of determining valid service. It found that the security guard was no stranger to the taxpayer.

Lastly, it applied the principle of estoppel, by way of laches. The CTA *En Banc* observed that the taxpayer never questioned the lack of an LOA in its protest letters against the Preliminary and Final Assessment Notices, and during the audit. Also, if it was true that the taxpayer did not receive a copy of the LOA, the same should have

been requested before allowing the BIR revenue officers to conduct their audit.

(CTA EB No. 2279, promulgated 28 February 2022)

Manual entries

Permissibility of handwritten information in computerized receipts/invoices

In an input VAT refund case, the Court of Tax Appeals (CTA) held that there is nothing in the Tax Code that provides that handwritten details/information on receipts/invoices would make such receipts/invoices non-compliant with the requirements. However, such handwritten details/information should be made by authorized signatories.

Nevertheless, doubts may arise regarding the veracity of handwritten details when the receipts/invoices are already computerized. The same is true regarding receipts/invoices with mixed handwritten and printed details not identified as either with loose-leaf or computerized accounting system permit, and with difference in handwriting of details in documents with signature.

(CTA EB No. 2382 & 2395, promulgated 22 February 2022)

Revised certificate

Inclusion of 5% tax credit under the PERA Act of 2008 in BIR Form No. 2316

The Bureau of Internal Revenue (BIR) announced the availability of the revised BIR Form No. 2316 (Certificate of Compensation Payment/Tax Withheld), which now includes an additional line for the 5% tax credit under the Personal Equity and Retirement Account (PERA) Act of 2008.

Employers are reminded to furnish their employees BIR Form No. 2316 on or before 31 January of the succeeding calendar year or in case the employee is terminated within the calendar year, on the date of last payment of compensation. The BIR Form No. 2316 is also required to be issued to Minimum Wage Earners and to other employees whose compensation were not subjected to withholding tax.

(Revenue Memorandum Circular No. 34-2022, issued on 31 March 2022)

Glossary

VAT – Value-Added Tax

Gambling issues

Clarifying the tax treatment of PAGCOR, its licensees and contractees

The Bureau of Internal Revenue (BIR) clarified the taxation of the Philippine Amusement and Gaming Corporation (PAGCOR) and its licensees and contractees as follows:

1. PAGCOR

- Income from operating and licensing of gambling casinos, gaming clubs and other similar recreation or amusement places, gaming pools are subject to the 5% franchise tax in lieu of all taxes. Such income includes income from:
 - a. casino operations;
 - b. pit operations;
 - c. bingo operations, including all variations thereof; and
 - d. mobile bingo operations operated by it, with agents on commission basis.
- PAGCOR has a blanket exemption from taxes on income from its operations conducted under its franchise without distinction on whether the taxes are direct or indirect, like value-added tax (VAT).
- Income from related operations/services shall be subject to corporate income tax, VAT and other applicable taxes under the Tax Code. Such income includes regulatory/license fees from licensed private casinos, private bingo operations, private internet casino gaming, internet sports betting and private mobile gaming operations, private poker operations, private junket operations, SM demo units, and all other electronic derivatives of brick-and-mortar games regulated by PAGCOR. Income from other necessary and related services, shows and entertainment are also included.
- Other income not connected with the above operations are also subject to corporate income tax, VAT and other applicable taxes under the Tax Code.
- PAGCOR is a withholding agent as regards the compensation of its employees and as regards payments to persons subject to withholding taxes under Section 57 of the Tax Code.
- PAGCOR must collect a qualifying fee from players and remit the same in accordance with

Executive Order No. 48, series of 1993, RR No. 6-1993 and Revenue Memorandum Order No. 14-1993.

2. PAGCOR licensees

- Income realized by PAGCOR licensees from the operation of casinos shall be exempt from corporate income tax upon payment of the 5% franchise tax.
- Revenues of PAGCOR licensees from gaming operations involving the sale of goods and/or services in the course of trade or business are generally subject to VAT. However, the sale of goods and/or services to PAGCOR in relation to PAGCOR's gaming operations are subject to the VAT zero-rate.
- Income from "other related services/operations" is subject to the regular corporate income tax, VAT and other applicable taxes under the Tax Code.

3. PAGCOR licensees inside Ecozones/Freeports

- Income realized from other related services/operations shall be subject to the 5% gross income tax (GIT) or income tax holiday (ITH), as the case may be.
- Income from gaming operations remains subject to the 5% franchise tax and not to the 5% GIT, ITH or corporate income tax.
- Revenues of PAGCOR licensees from gaming operations involving the sale of goods or services in the course of trade or business are generally subject to VAT. However, the sale of goods or services to PAGCOR in relation to PAGCOR's gaming operations are subject to the VAT zero rate.

4. PAGCOR contractees

- License/Regulatory fees paid to PAGCOR are different and distinct from the 5% franchise tax payable to the BIR. The license fees paid to PAGCOR does not include the franchise tax.
- The franchise tax shall be paid directly to the BIR, specifically, to the concerned Revenue District Office, using BIR Form No. 2553 indicating the Alphanumeric Tax Code OT 010.

(Revenue Memorandum Circular No. 32-2022, issued on 30 March 2022)

Proof of entitlement

Submission of Certificate of Entitlement to Tax Incentives under the CREATE Act

Pursuant to Section 3, Rule 8 of the Implementing Rules and Regulations (IRR) of RA No. 11534, otherwise known as the CREATE Act, all registered business enterprises (RBEs) are required to apply for a Certificate of Entitlement to Tax Incentives (CETI) with the concerned Investment Promotion Agency prior to filing their annual income tax return (ITR). Said CETI shall be attached to the annual ITR as provided by Section 4, Rule 8 of the IRR.

According to the Bureau of Internal Revenue, the CETI is a requirement for all RBEs in order to avail of the income tax holiday or preferential rate granted by the CREATE Act.

In light of the foregoing, the provisions of Revenue Memorandum Circular No. 14-2012 requiring the submission of the Certificate of Entitlement within 30 days from filing of the annual ITR are repealed.

(Revenue Memorandum Circular No. 28-2022, issued on 16 March 2022)

Target list

Updated list of Top Withholding Agents effective 1 April 2022

Given the newly prescribed criteria under Revenue Regulations No. 31-2020 for identifying the Top Withholding Agents (TWA) in each Revenue District Office, the Bureau of Internal Revenue recently published the lists of withholding agents to be added to the current list of TWAs. These additional TWAs are required to deduct and remit 1% and 2% creditable withholding taxes from, respectively, their purchases of goods and services starting on 1 April 2022. These lists may be viewed at www.bir.gov.ph.

(Revenue Memorandum Circular No. 27-2022, issued on 16 March 2022)

Vaccine update

Updated list of VAT-exempt drugs and vaccines for COVID-19 treatment

The Bureau of Internal Revenue (BIR) has published the Food and Drugs Administration letter dated 18 February 2022 which includes, delists and corrects certain

medicines for cancer, diabetes, hypertension, high cholesterol, mental illness and COVID-19 in/from the List of VAT-Exempt Medicines Under RA No. 11534 (the “List”).

The BIR also attached the updated List to Revenue Memorandum Circular No. 30-2022 which may be viewed at or downloaded from www.bir.gov.ph.

(Revenue Memorandum Circular No. 30-2022, issued on 16 March 2022)

Online “sabong”

Clarifying the taxation of Electronic Sabong operations regulated by the PAGCOR

The Bureau of Internal Revenue (BIR) has clarified the taxation of Electronic Sabong (e-Sabong) operations as regulated by the Philippine Amusement and Gaming Corporation (PAGCOR). e-Sabong is the online and/or remote or offsite wagering/betting on live cockfighting matches, events, and/or activities streamed or broadcasted live from cockpit arenas licensed or authorized by the local government units having jurisdiction.

Here are the policies, guidelines and tax implications clarified by the BIR with respect to e-Sabong:

- e-Sabong entities are required to
 - a. Register with the Revenue District Office having jurisdiction;
 - b. File tax returns, pay correct taxes, and observe compliance requirements;
 - c. Keep books of accounts and accounting records; and
 - d. Withhold the required withholding taxes.
- The BIR may inspect totalizators and other betting devices used in the collection, consolidation and recording of wagers made in online or remote/offsite betting activities on locally licensed games.
- Gaming income from e-Sabong by an e-Sabong Operator shall be subject to the 5% franchise tax, which is in lieu of all internal revenue taxes, except value-added tax (VAT) or percentage tax. Said franchise tax shall be remitted directly to the BIR.

This franchise tax is separate and distinct from the 5% franchise tax due from PAGCOR arising from licensing and regulatory fees that PAGCOR will receive from the e-Sabong Operator.
- If the e-Sabong Operator sells goods and services to PAGCOR, such sales are VAT zero-rated.

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RA – Republic Act

- However, service income from e-Sabong by an e-Sabong Operator shall be subject to regular income tax, VAT or percentage tax, withholding tax and other taxes.
- Commission income received by a third-party e-Sabong Master Agent/Agent shall be subject to regular income tax, VAT or percentage tax, withholding tax and other taxes. The e-Sabong Operator shall withhold and remit the corresponding CWT (5%/10% for individual payees or 10%/15% for non-individual payees) due for the account of the Master Agent/Agent.
- Commission income received by a third party e-Sabong Promoter/Coordinator shall be subject to regular income tax, VAT or percentage tax, withholding tax and other taxes. The e-Sabong Operator shall withhold and remit the corresponding CWT (5%/10% for individual payees or 10%/15% for non-individual payees) due for the account of the Promoter/Coordinator.
- Income received by the Cockpit Owner/Operator for the use of the cockpit arenas/venues shall be subject to regular income tax, VAT or percentage tax, withholding tax and other taxes. The e-Sabong Operator shall withhold and remit the corresponding 5% CWT due for the account of the Cockpit Owner/Operator.
- Income received by a Third Party OCBS Host from the OCBS shall be subject to regular income tax, VAT or percentage tax, withholding tax and other taxes. The e-Sabong Operator shall withhold and remit the corresponding 2% CWT due for the account of the Third Party OCBS Host.
- Income received by a Third-Party Game Cock Owner from the e-Sabong Operator shall be subject to regular income tax, VAT or percentage tax, withholding tax and other taxes. The e-Sabong Operator shall withhold and remit the corresponding 2% CWT due for the account of the Third-Party Game Cock Owner.
- Other income derived or received by any other persons shall be subject to appropriate taxes.
- Unauthorized e-Sabong Operators and entities providing ancillary services to unauthorized e-Sabong operations shall not be covered by the fiscal regime under the PAGCOR but rather shall be subject to appropriate taxes and penalties under the Tax Code.

Note: On 3 May 2022, President Rodrigo R. Duterte approved the stopping of e-Sabong operations.

(Revenue Memorandum Circular No. 25-2022, issued on 11 March 2022)

RBE incentives

Clarifying the implementation of VAT zero-rating provisions under the CREATE Act

The Bureau of Internal Revenue issued the following clarifications on the transitory provisions of Revenue Regulations (RR) No. 21-2021 and certain issues regarding the effectivity and VAT treatment of transactions involving registered business enterprises (RBEs):

A. Applicable rules

- The cross-border doctrine, as applied to Ecozones and Freeport Zones, has been rendered ineffectual because of the following:
 - a. Passage of Republic Act No. 11534 or the CREATE Act which expressly provides that only goods and services directly and exclusively used in the registered project or activity of RBEs qualify as VAT zero-rated local purchases;
 - b. Sections 294(E) and 295(D) of the Tax Code, as amended by the CREATE Act and respectively implemented by Rule 2, Section 5 and Rule 18, Section 5 state the parameters for the availment of VAT zero-rating on local purchases of registered export enterprises (EEs), regardless of location; and
 - c. RR No. 21-2021, amending RR No. 16-2005, which provides that effectively zero-rated sales shall only apply to sales of goods and services rendered to persons or entities who have direct and indirect tax exemption granted pursuant to special laws of international agreements.
- Business enterprises registered with concerned Investment Promotion Agencies (IPAs) under the CREATE Act shall be governed by CREATE

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CWT – Creditable Withholding Tax
 OCBS – Off-Cockpit Betting Station
 VAT – Value-Added Tax

Act provisions with respect to their availment of incentives such as VAT exemption under the special corporate income tax (SCIT), VAT exemption on importations and VAT zero-rating on local purchases by registered EEs.

Enterprises registered prior to the CREATE Act shall continue to enjoy VAT exemption on importations and VAT zero-rating on local purchases but only with respect to goods and services directly attributable to and exclusively used in the registered project or activity, until the expiration of the transitory period.

- Business enterprises located inside Ecozones and Freeport Zones cannot anymore invoke Sections 106(A)(2)(b) and 108(B)(3) of the Tax Code to claim VAT zero-rating on their local purchases of goods. Only registered export enterprises shall be accorded VAT zero-rating with respect to local purchases that are directly and exclusively used in the registered project or activity.

B. Effectivity and transitory provisions

- RR No. 21-2021 took effect on 10 December 2021. However, it covers transactions entered into beginning the third quarter of 2021. This retroactive application will allow taxpayers to reclassify their taxable sales to VAT zero-rated.
- Sales of goods and services from 27 June 2021 to 30 June 2021 (when RR No. 9-2021 was effective) should be declared as subject to the 12% VAT.
- For sales of goods and services from 1 July 2021 to 27 July 2021 when RR No. 9-2021 was effective but is already covered by the retroactive application of RR No. 21-2021, the seller and the buyer may choose to either retain the transaction as subject to VAT or revert the transaction from taxable to VAT zero-rated.

If the seller opts to revert from taxable to VAT zero-rated, it must retrieve the VAT sales invoice or official receipt originally issued for cancellation and replacement.

- Taxpayers who declared their sales to registered EEs and to domestic market enterprises (DMEs) within Ecozones and Freeport Zones as VAT zero-rated from 1 July 2021 up to 9 December 2021 shall remain VAT zero-rated.

C. Sales to registered export enterprises

- Sales of VAT-registered suppliers to registered EEs enjoying fiscal incentives under the CREATE Act shall be treated as VAT zero-rated but only with respect to goods and services directly and exclusively used in the registered project or activity, for a maximum of 17 years from date of registration as reflected in the Certificate of Registration issued by the concerned IPA.
- Direct and exclusive use in the registered project or activity refers to raw materials, supplies, equipment, goods, packaging materials, services, including provision of basic infrastructure, utilities, and maintenance, repair and overhaul of equipment, and other expenditures directly attributable to the registered project or activity without which the registered project or activity cannot be carried out. Expenses for administrative purposes such as legal, accounting and similar services are excluded.
- Other expenditures directly attributable to the registered project or activity without which the registered project or activity cannot be carried out pertain to indispensable costs. Examples are:
 - a. insurance costs required by the IPA to be paid before the facility can start operations;
 - b. freight costs necessary to bring the raw materials or equipment to be used in the production area; and
 - c. telecommunications expenses of export enterprises engaged in IT/BPO services.

Costs incurred prior to the registration of a project or activity with the IPA shall not be allowed.

- RBEs categorized as DMEs are not entitled to VAT zero-rating on their purchases. Hence, sales of goods or services to DMEs shall be subject to the 12% VAT.
- The following service enterprises, though duly accredited or licensed by an IPA, are not entitled

Glossary

EE – Export Enterprise

RBE – Registered Business Enterprise

RR – Revenue Regulations

VAT – Value-Added Tax

to VAT zero-rating on their local purchases of goods and services:

- a. Customs brokerage;
 - b. Trucking services;
 - c. Forwarding services;
 - d. Janitorial services;
 - e. Security services;
 - f. Insurance;
 - g. Banking and other financial services;
 - h. Consumers' cooperatives;
 - i. Credit unions;
 - j. Consultancy services;
 - k. Retail enterprises; and
 - l. Restaurants.
- Sales by registered non-export enterprises or DMEs under the 5% gross income tax (GIT) or SCIT regime, registered as VAT-exempt entities, shall be VAT exempt. Accordingly, input VAT passed on by their suppliers shall form part of cost or expenses.
 - Sales by a registered export enterprise or DME to another registered export enterprise
 - a. If the seller is VAT-registered while enjoying income tax holiday (ITH), the sale is subject to the VAT zero-rate if directly and exclusively used in the registered project or activity of the buyer.
 - b. If the seller is enjoying the 5% GIT incentive, the sale of goods and services such as manufactured, assemble or processed products, or IT/BPO services that will form part of the final export product or export service of the buyer, of at least 70% of total production or output, shall be VAT-exempt.
 - Export-oriented enterprises that are not RBEs are not entitled to the benefits under the CREATE Act. Their incentive shall be limited to VAT zero-rating on the direct export of goods and services.
 - If an RBE sells, transfers or disposes originally VAT-exempt imported assets, the VAT implications shall be as follows:
 - a. If the buyer is a registered EE, the transaction is VAT zero-rated if the asset is directly and exclusively used in the registered project or activity.
 - b. If the seller is a non-registered EE, or a DME, the transaction is:

- i. VAT-exempt if the seller is under the 5% SCIT regime;
- ii. Subject to 12% VAT if the seller is not under the 5% SCIT regime; or
- iii. Subject to VAT zero-rate if the seller is not under the 5% SCIT regime but the purchaser is a registered EE.

- Sales to enterprises covered by special laws such as renewable energy developers are still subject to the VAT zero-rate.

D. Taxation of EEs registered prior to the CREATE Act

- Sales to existing registered EEs located inside Ecozones or Freeport Zones shall also be qualified for VAT zero-rating until the end of the transitory period or remaining period of their incentives. However, this is only applicable to goods and/or services directly and exclusively used in the registered project or activity.
- Sales of goods and/or services to existing registered non-export enterprises located inside Ecozones or Freeport Zones shall be subject to 12% VAT.
- Sales by VAT-registered sellers to EEs registered with the BOI and IPAs other than PEZA or Freeports are subject VAT zero-rate if the goods or services sold are directly and exclusively used in the registered project or activity.
- A VAT-registered RBE whose registration with an IPA expired shall be subject to VAT.
- Sales of goods or services by non-RBEs not enjoying incentives to non-resident foreign buyers but delivered or rendered to export-oriented persons in the Philippines are already

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BOI – Board of Investments

DME – Domestic Export Enterprise

EE – Export Enterprise

IPA – Investment Promotion Agency

IT/BPM - Information Technology/Business Outsourcing

PEZA – Philippine Economic Zone Authority

RBE – Registered Business Enterprise

VAT – Value-Added Tax

considered subject to VAT in compliance with the TRAIN Law.

- The sale of processing, manufacturing or repacking services by PEZA RBEs entitled to the 5% GIT or SCIT to persons doing business outside the Philippines which goods are subsequently exported and which services are paid for in acceptable foreign currency shall be VAT-exempt.
- Registered EEs with multiple incentive regimes for different registered activities shall remain VAT-registered until the expiration of the ITH for all registered activities under the ITH and expiration of all activities under the 5% GIT or SCIT regime.

Sales under the ITH regime shall be reported in the VAT return as VAT zero-rated while sales under the 5% GIT or SCIT regime shall be reported as VAT-exempt.

- Existing EEs that have already completed their ITH and graduated to the 5% GIT or SCIT regime but remaining VAT registered are required to change their registration status from VAT to non-VAT within two months from expiration of their ITH regime.

Registered EEs under the GIT or SCIT regime that were VAT-registered at the effectivity of the CREATE Act are required to change their registration status from VAT to non-VAT within two months from the effectivity of RMC No. 24-2022.

E. Application for VAT zero-rating

- All approved applications, and applications for VAT zero-rating that were suspended due to RR

No. 9-2021 shall remain effective as if the latter RR was not implemented should the taxpayers involved opt to revert the same as VAT zero-rated, except for the 4-day period from 27 June 2021 to 30 June 2021.

- Local suppliers of goods or services to registered EEs should obtain prior BIR approval for VAT zero-rating. Without such prior approval, the otherwise VAT zero-rated sale may be disallowed.
- Concerned IPAs are required to annually issue a VAT zero percent (0%) certification only to registered EEs. They are also required to submit to the BIR a list of RBEs categorized as EEs, for purposes of VAT zero-rating.
- Prior to sales transactions subject to the VAT zero-rate, registered EE buyers must provide the following to their local suppliers (which are mandatory attachments to VAT the corresponding VAT zero-rating application):
 - a. BIR Certificate of Registration (BIR Form No. 2303);
 - b. VAT zero percent (0%) certification issued by the concerned IPA; and
 - c. Sworn declaration that the goods or services being purchases shall be used directly and exclusively in the registered project.
- The processing of VAT zero-rating applications shall be governed by RMO No. 7-2006.

F. Refund of input VAT by local suppliers

- Local suppliers claiming input VAT refunds under Section 112(A) of the Tax Code must submit the approved application for VAT zero-rating.
- If input VAT is passed on to a registered EE by a supplier of goods directly and exclusively used in the registered project or activity, said registered EE may contest the same and resolve reimbursement of the input VAT.
- Registered EEs have the following options with respect to input VAT passed on to them for their purchase of goods or services not qualified for VAT zero-rating:
 - a. If VAT-registered under the ITH regime, claim the input VAT as credit against future output VAT liabilities;

Glossary

BIR – Bureau of Internal Revenue
BOI – Board of Investments
EE – Export Enterprise
GIT – Gross Income Tax
IPA – Investment Promotion Agency
ITH – Income Tax Holiday
PEZA – Philippine Economic Zone Authority
RBE – Registered Business Enterprise
RMC – Revenue Memorandum Circular
RMO – Revenue Memorandum Order
RR – Revenue Regulations
SCIT – Special Corporate Income Tax
VAT – Value-Added Tax

- b. If there are no sales subject to VAT, accumulate the input VAT and apply for refund upon expiration of VAT registration; or
- c. If non-VAT registered, charge the input VAT to cost or expense account.

(Revenue Memorandum Circular No. 24-2022, issued on 9 March 2022)

Back to office

Suspension of income tax incentives of RBEs violating WFH threshold

Under Fiscal Incentives Review Board Resolution Nos. 19-2021 and 23-2021, registered business enterprises (RBEs) of the Information Technology – Business Process Management (IT-BPM) sector are allowed to continue implementing work-from-home (WFH) arrangements until 31 March 2022 without adverse effect on their fiscal incentives, subject however, to the following conditions:

1. The number of employees under WFH arrangement shall not exceed 90% of total workforce;
2. The number of computer laptops/other equipment outside the Ecozone should not exceed the number of employees under WFH arrangement;
3. Bonds shall be posted for all equipment deployed, to ensure payment of taxes and duties if any such equipment are not returned to the site after the WFH arrangement;
4. Revenues from export as required shall always be maintained; and
5. RBEs shall comply with reportorial requirements and site inspection.

RBEs which do not comply with all the above conditions shall penalized by suspending their income tax incentive with respect to revenue during the months of non-compliance. Under this situation, RBEs shall pay the 25% or 20% regular corporate income tax on taxable income corresponding to the months of non-compliance.

(Revenue Memorandum Circular No. 23-2022, issued on 9 March 2022)

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VAT – Value-Added Tax

Tax codes

Creation and modification of Alphanumeric Tax Codes (ATCs)

The following ATCs have been created for Philippine Offshore Gaming Operations (POGOs):

ATC	Description	Tax Rate	BIR Form No.
PT 320	Gaming Tax	5%	2553
WI 740	FWT on Foreign Nationals Employed by POGO Entities	25%	0619F 1601FQ

To facilitate the identification and monitoring of collections of capital gains taxes for transfers of shares not traded through the local stock exchange using BIR Form Nos. 1707 and 1707-A, the following ATCs have been modified:

ATC	Description	Old Rate	New Rate
II030	On Capital Gains – From Sale of Shares of Stock not Traded in the Local Stock Exchange (Individual)	5% 10%	15%
IC 110	On Capital Gains – From Sale of Shares of Stock not Traded in the Local Stock Exchange (Domestic Corporation)	5% 10%	15%
IC110	On Capital Gains – From Sale of Shares of Stock not Traded in the Local Stock Exchange (Foreign Corporation)	5% 10%	15%

(Revenue Memorandum Order Nos. 19-2022 and 18-2022, issued on 30 March 2022)

Banking responsibilities

Policies in the acceptance of 2021 annual income tax returns and payments

The Bureau of Internal Revenue (BIR) reminds Authorized Agent Banks (AABs) of the following responsibilities with respect to the acceptance of annual income tax returns (ITRs) and tax payments:

1. Accept all tax payments using any of the following:
 - a. BIR official printed forms or copies of system-generated Filing Reference Numbers;
 - b. Photocopies of returns or computer-generated or electronically filed tax returns; and

- c. Downloaded annual ITRs originally filled out and signed by the taxpayer or duly authorized representative;
2. Receive the ITRs by stamping the official receiving seal on the space provided for in the 3 copies of the ITR, whether or not the taxpayer is under the jurisdiction of a regional office with Document Processing Division

Copies in excess of 3 shall not be stamped. However, in the case of corporations and other juridical persons covered by BIR Form No. 1702, the stamping shall be extended to at least 2 additional copies of the audited financial statements, aside from those attached to the annual ITR. The stamp shall only be on the pages of the Audit Certificate, the Balance Sheet and the Income Statement.
3. Ensure that pertinent portions of the ITRs and/or deposit slips are machine-validated, and the tax payment details are clearly imprinted;
4. Accept payments made through checks even without the receiving AAB Branch indicated in the check as long as the checks are made payable to the Bureau of Internal Revenue;
5. Accept a combination of cash and check in payment of a single tax liability;
6. Report in the Batch Control Sheet (BCS) all income tax payments accepted on 26 March 2022 and 2 April 2022 as collections for, respectively, 28 March 2022 and 4 April 2022;
7. Prepare the BCS using the Limited Bank Date Entry System for corporate ITRs. Only the form type code of 1702 should be reflected and the suffixes "RT", "EX" and "MX" disregarded.
8. Comply with the Memorandum of Agreement as provided in Bank Bulletin No. 18-2021;
9. Accept tax payments from taxpayers who are already in the bank premises by the close of extended banking hours;
10. Accept manually filed and out-of-district returns, and corresponding tax payments from eFPS taxpayers in cases of eFPS unavailability, as announced by the BIR through an advisory posted in the BIR website; and
11. Not to impose penalties for any violations committed by taxpayers in the filing of tax returns and payment of taxes.

(Bank Bulletin No. 6-2022, dated 8 March 2022)

Bank hours

Acceptance of tax returns and payments and extension of banking hours

Since the two Saturdays prior to the tax deadline are regular holidays, all Authorized Agent Banks (AABs) are reminded to accept tax payments on 26 March 2022 and 2 April 2022 and to extend banking hours up to 5PM for the period 1 April to 18 April 2022.

(Bank Bulletin No. 5-2022, dated 8 March 2022)



Glossary

eFPS – Electronic Filing and Payment System

Latest on regulatory landscape

SEC OGC filings

Physical submission of pleadings filed with the General Counsel via email

The Office of the General Counsel (OGC) shall resume limited manual operations under a Skeleton Workforce and Work-From-Home Arrangement. Accordingly, the OGC adopted the following Interim Guidelines for the Limited Manual Operations of the Office of the General Counsel During the Period of State of National Emergency Due to COVID-19 Pandemic (the "Covered Period"):

- Other than the receiving of documents, manual operations shall only cater to request of service that have already been assessed and approved during online processing.
- The OGC shall resume limited manual operations from Monday to Friday between 8AM to 5PM in the OGC Main Office. Cut-off for receiving physical documents is exactly 3PM. Emails received after 3:30PM will be processed or entertained on the next business day.
- Walk-in and phone-in consultations are temporarily unavailable. However, questions or inquiries may be presented via email at ogc_picc@sec.gov.ph.
- Requests for certified true copies or plain copies of case-related documents require the email submission to ogc_picc@sec.gov.ph of a letter request and the official receipt for payment of the amounts in the Payment Assessment Form.
- Filings of requests for legal opinion require the email submission to ogc_picc@sec.gov.ph of a letter request with supporting documents and the official receipt for payment of the amounts in the Payment Assessment Form. The issuance and release of the opinion shall be on a first-in, first-out basis but will also depend on the number, difficulty or novelty of the issues posed.
- Petitions or appeals may be filed through:
 - a. Manual filing;
 - b. Registered mail or private courier; or
 - c. Electronic filing.

Within 3 working days from submission via manual or electronic filing, the OGC shall send an email

reply confirming the completeness of the petition or memorandum of appeal and advising the payment of the PHP3,030.00 filing fee.

- Responsive pleadings may be submitted through:
 - a. Manual filing;
 - b. Registered mail or private courier; or
 - c. Electronic filing.
- The following shall be filed electronically:
 - a. Reply;
 - b. Motion to Lift cease-and-desist order;
 - c. Manifestations and motions;
 - d. Rejoinder;
 - e. Position paper; and
 - f. Other pleadings.
- Documents that do not fall within the transactions above shall be submitted either through email to ogc_picc@sec.gov.ph, or registered mail or private courier addressed to the OGC.

(SEC Notice, posted 08 March 2022)

Dissolution steps

Procedures for corporate dissolution under the Revised Corporation Code

The Securities and Exchange Commission (SEC) promulgated the following requirements and guidelines for corporate dissolution under Sections 134, 136 and 138 of the Revised Corporation Code (RCC):

1. Voluntary dissolution where no creditors are affected (Section 134 of RCC)
 - The dissolution shall be initiated by filing a Verified Request for Dissolution stating specific information and details.
 - The Verified Request for Dissolution shall contain an affidavit and certification alleging certain attestations.
 - Supporting documents required to be submitted include audited financial statements (AFS) for the last fiscal year except:
 - a. When the applicant ceased operations of at least 1 year, submit
 - 1) AFS of the last year of operation; and

- 2) Affidavit of Non-Operation certified under oath;
 - b. When applicant had no operation since incorporation, submit:
 - 1) Balance Sheet certified under oath; and
 - 2) Affidavit of Non-Operation certified under oath;
 - c. When applicant has total assets or liabilities of less than PHP600,000, submit Balance Sheet as of last preceding year certified under oath.
- A BIR Tax Clearance Certificate is a required supporting document.
 - A Verified Request for Dissolution may be withdrawn in writing within 15 days from receipt by the SEC.
 - The SEC shall approve the Verified Request for Dissolution and issue the Certificate of Dissolution after 15 days from receipt of said Verified Request for Dissolution.
 - The dissolution takes effect only upon issuance of the Certificate of Dissolution.
2. Dissolution by shortening of corporate term (Section 136 of RCC)
 - The dissolution shall be effected by amending the articles of incorporation to shorten the corporate term.
 - The requirements shall depend on the date of expiration of the corporate term.
 - a. If the proposed expiration is one year or more than one year from approval of the application for amendment, a Compliance Monitoring Division Monitoring Clearance, among others, must be submitted.
 - b. If the proposed expiration is less than one year from approval of the application for amendment, the following, among others, must be submitted:
 - 1) AFS of the last fiscal year (except in the instances above-mentioned in the AFS requirement for voluntary dissolution where no creditors are affected);

- 2) Affidavit under oath that the dissolution is not prejudicial to the interest of creditors and there is no opposition from any creditors;
- 3) BIR Tax Clearance Certificate; and
- 4) Publisher's Affidavit of Publication of the Notice of Meeting.

- The proposed expiration date must contemplate a future date.
- Upon expiration of the shortened term, the corporation shall be deemed dissolved without any further proceedings.
- The dissolution automatically takes effect on the day following the last day of the corporate term without need of issuance of a Certificate of Dissolution.

3. Involuntary dissolution (Section 138 of RCC)

- The SEC may, motu proprio, or upon filing of a verified complaint by any interested third party, dissolve a corporation based on:
 - a. Non-use of corporate charter (Section 21 of RCC);
 - b. Continuous inoperation of a corporation (Section 21 of RCC);
 - c. Upon receipt of a lawful court order dissolving the corporation;
 - d. Upon finding by final judgment that the corporation procured its incorporation through fraud; and
 - e. Upon finding by final judgment that the corporation:
 - 1) Was created to commit, conceal or aid in committing securities violations, smuggling, tax evasion, money laundering or graft and corrupt practices;
 - 2) Committed or aided in the commission of the preceding acts, and its stockholders knew; and
 - 3) Repeatedly and knowingly tolerated the commission of graft and corrupt practices or other fraudulent or illegal acts by its directors, trustees, officers or employees.
- The revocation of certificate of registration based on following the grounds found in Section 6(i) of Presidential Decree No. 902-A falls within the jurisdiction of the CRMD and SEC Extension Office;

Glossary

BIR – Bureau of Internal Revenue

SEC – Securities and Exchange Commission

- a. Fraud in the procurement of the certificate of registration; or
 - b. Failure to file or register any of the following for at least 5 years: financial statements, general information sheet and stock and transfer book or membership book.
- If a corporation is ordered dissolved by final judgment based on subsection “e” above, its assets, after payment of liabilities, shall, upon petition of the SEC, be forfeited in favor of the national government. However, this is without prejudice to the rights of innocent stockholders and employees for services rendered.

(SEC Memorandum Circular No. 5-2022, issued 15 February 2022)

Recommended dose

Wages of employees covered in the National Vaccination Day Part IV

The following rules shall apply to employees (1) with due 2nd doses and missed doses; (2) remaining individuals under Priority Group A2; (3) in the health and economic sector who are yet to receive their booster doses; and (4) who will accompany their children for vaccination during the *Bayanihan, Bakunahan* COVID-19 Vaccination Days (NVD) Part IV on 10 and 11 March 2022:

- Employers are highly encouraged to allow their employees to avail vaccination or accompany their children for vaccination, without considering them absent from their work.
- The concerned employees may likewise be allowed to utilize their available leave credits to cover their absence during the NVD, subject to company policy or collective bargaining agreement granting the same.

(DOLE Labor Advisory No. 5-2022, dated 10 March 2022)

Insurance value

Adopting the requirements of PFRS 4 – Insurance Contracts

The Insurance Commission (IC) promulgated the following rules and regulations that are applicable for annual periods beginning on or after 1 January 2023:

- All government-owned or -controlled corporations or entities engaged in social or private insurance (GIs) shall adopt the requirements of Philippine Financial Reporting Standard (PFRS) 4 – Insurance Contracts on the classification, measurement and recognition of contractual obligations, and on the appropriate presentation and disclosure requirements.
- Valuation methodology
 - a. Life insurance contracts shall apply the required valuation standard provided in IC Circular Letter No. 2016-66.
 - b. Non-life insurance contracts shall apply the required valuation standard provided in IC Circular Letter No. 2016-67.
- Financial reporting framework
 - a. GIs covered by this IC Circular Letter No. 2022-14 shall apply the financial reporting framework issued by the Commission on Audit (COA) in preparing their general purposes financial statements.
 - b. The general-purpose financial statements as audited by the COA shall be used as basis for the for the preparation of the Annual Statements (AS).
 - c. The presentation prescribed under IC Circular Letter No. 2016-65 shall be applied in the preparation of the AS.
- Transition requirements
 - a. The date of initial application is the beginning of the annual reporting period in which an entity first applies PFRS 4.
 - b. The transition date is the beginning of the annual reporting period immediately preceding the date of initial application.

(IC Circular Letter No. 2022-14, dated 14 March 2022)

Attracting investments

Amendments to the Foreign Investments Act of 1991

On 2 March 2022, the President approved Republic Act (RA) No. 11647 which amends RA No. 7042 or the Foreign Investments Act of 1991. RA No. 11647 introduced the following amendments:

- Definitions
 - a. Amended the definition, “investment”, to mean equity participation in any enterprise organized or existing under Philippine laws and duly

Glossary

CRMD – Company Registration and Monitoring Department
SEC – Securities and Exchange Commission

recorded in the enterprise's stock and transfer book, or any equivalent registry of ownership

b. Amended the definition, "foreign investment", to remove the phrase "which shall assess and appraise the value of such assets other than foreign exchange"

c. Defined the new terms, "practice of profession" and "pipeline transportation"

- Creation of the Inter-Agency Investment Promotion Coordination Committee (IIPCC) that will integrate all promotion and facilitation efforts to encourage foreign investments;
- Development of the Foreign Investment Promotion and Marketing Plan by the IIPCC for the medium-term and long-term plans;
- Export enterprises shall register and comply with export requirements in accordance with Title XIII of the Tax Code, for purposes of availing any tax incentive or benefit.
- Except as otherwise provided under the Retail Trade Liberalization Act of 2000 and other relevant laws, micro and small domestic enterprises with paid-in equity of less than US\$200,000 are reserved for Philippine nationals.

A minimum paid-in capital of US\$100,000 is allowed if (1) advanced technology is involved, (2) the enterprises are endorsed as startups or startup enablers, or (3) a majority of their direct employees are Filipinos numbering at least 15. Registered foreign enterprises employing foreign nationals and enjoying fiscal incentives shall implement an understudy or skills development program to ensure technology or skill transfer to Filipinos.

- Amendments to the Foreign Investment Negative List shall not be made more often than once every 2 years.
- Public officials and employees involved in foreign investment promotions who shall commit the acts under Section 3 of the Anti-Graft and Corrupt Practices Act shall also be punished by a fine of not less than PHP2m but not more than PHP5m.

- The Foreign Investments Act of 1991 shall not apply to banking and other financial institutions governed and regulated by the General Banking Law of 2000, and to the practice of professions covered by specific laws and falling under the jurisdiction of various professional regulatory bodies or subject to reciprocity agreements.

(Republic Act No. 11647, approved on 2 March 2022)

Easing restrictions

Amendments to the Public Service Act

On 21 March 2022, the President approved Republic Act (RA) No. 11659 which amends Commonwealth Act No. 146 or the Public Service Act. RA No. 11659 introduced the following amendments, among others:

- Definition of terms, including the following:
 - a. Certificates – any franchise, certificate of public convenience, certificate of public convenience and necessity, concession or any other form of authorization for the operation of a public service, including a public utility
 - b. Critical infrastructure – any public service which owns, uses or operates systems and assets so vital of the Philippines that the incapacity or destruction of such systems or assets would have a detrimental impact on national security
- Definition of the term "Public Utility" as a public service that operates, manages or controls for public use any of the following:
 - a. Distribution of electricity;
 - b. Transmission of electricity;
 - c. Petroleum and petroleum products pipeline transmission systems;
 - d. Water pipeline distribution systems and wastewater pipeline systems, including sewerage pipeline systems;
 - e. Seaports; and
 - f. Public utility vehicles.

All concessionaires, joint ventures and other similar entities that wholly operate, manage or control for public use the above sectors are public utilities.

However, upon recommendation of the National Economic and Development Authority (NEDA), the President may recommend to the Congress the classification of a public service as a public utility based on certain criteria.

Glossary

PFRS – Philippine Financial Reporting Standard

- A public service which is not classified as a public utility shall be considered a business affected with public interest for purposes of Sections 17 and 18 of Article XII of the Constitution.
- The payment of the cost of useful equipment less reasonable depreciation which is one of the conditions for issuance of certificates authorizing the operation of a public service was replaced by the payment of just compensation.
- Any certificate authorizing the operation, management or control of a public service shall only be issued to corporations constituted and organized under Philippine laws.
- The Commission has the power to suspend or revoke any certificate issued when the holder fails the annual performance audit for 3 consecutive years.
- It shall be unlawful for any public service to refuse or neglect, when requested by the Administrative Agency to urgently use, deliver or render the public service for the purpose of avoiding further loss on human, material, economic or environment during a state of calamity.

RA No. 11659 also provides for the following:

- In the interest of national security, the President may suspend or prohibit any proposed merger or acquisition transaction, or any investment in a public service that effectively results in the grant of control to a foreigner or a foreign corporation.
- An entity controlled by or acting on behalf of a foreign government or foreign state-owned enterprise is prohibited from owning capital in any public service classified as public utility or critical infrastructure. Foreign state-owned enterprises which already owned capital before the effectivity of RA No. 11659 are prohibited from investing additional capital.
- Foreign nationals are not allowed to own more than 50% of the capital of entities engaged in the operation and management of critical infrastructure unless the country of the foreign national accord's reciprocity.

(Republic Act No. 11659, approved on 21 March 2022)



Glossary

RA – Republic Act

Meet us

PwC exits Russia

(Below is an update from our Global Chairman Robert Moritz on our response to the Russian government's invasion of Ukraine.)

We all continue to be shocked and horrified by the senseless war that the Russian government is inflicting on Ukraine and its people. As we galvanized to find ways in which we can help, our main focus has been helping our Ukrainian colleagues and supporting the humanitarian efforts to aid the people of Ukraine. I am proud of how we have come together across our network to support those in need, donating money, taking colleagues and their families into homes and reaching out with messages of support.

But helping Ukrainian colleagues is just a part of our responsibility. Last week we set out our position deploring the Russian government's invasion of Ukraine. Since then, we have also been thinking about how we can take action in the way we run our network.

We have decided that, under the circumstances, PwC should not have a member firm in Russia and consequently PwC Russia will leave the Network.

As we implement this, we will maintain our focus on doing all we can to help our Ukrainian colleagues and support the humanitarian efforts to aid the people of Ukraine who have been devastated by this invasion.

We are also committed to working with our colleagues at PwC Russia to undertake an orderly transition for the business and with a focus on the well-being of our 3,700 colleagues in PwC Russia.

My thoughts and prayers are with the people of Ukraine.

Isla Lipana & Co./PwC Philippines is the official auditor of TV5's singing contest



The firm is the official auditor of the Back-to-Back Grand Finales for TV5's Original Videoke Kantawanan ng Bansa, with both editions occurring a week apart. The first one was held on 5 March, and the next one will be on 12 March.



Assurance Partner Nelson Aquino leads the audit team along with Assurance Director Aira Arboleda, Assurance Manager Gerald Araña and Assurance Associate Brigette Ann Soriano. Nelson presented the results to the hosts on stage, with Cornerstone Studios and Cignal Entertainment Vice President Isabel Santillan announcing the name of the winner.

Through its partnership with Facebook, Sing Galing is the first television show in the Philippines to utilize FB Messenger as the official voting platform of Sing Galing, to allow the public to vote for free.

The show was aired on TV5 and via livestream on Sing Galing Facebook and TV5 Facebook and YouTube.

Securing a partnership with the National Commission for Culture and the Arts (or NCCA), TV5 is holding the back-to-back Saturdays of Ultimate Pa-Sing-Katan for the celebrity edition and Kantastic Finale for the regular edition, at the NCCA-owned Manila Metropolitan

Theater, which has just been reopened to the public after 25 years. This also signifies NCCA's support and acknowledgement as Sing Galing commemorates the Pambansang Araw ng Videoke on 12 March.

The firm is the external auditor of TV5 Network, Inc., Signal TV, Inc. and Mediaquest Holdings, Inc.

Countdown to Isla Lipana & Co.'s 100th year



We launched yesterday our **100 Days to 100 Years** campaign — a daily journal on social media about the oldest existing major accounting firm in the Philippines — until we celebrate Isla Lipana & Co./PwC Philippines' centennial year on 22 June 2022.

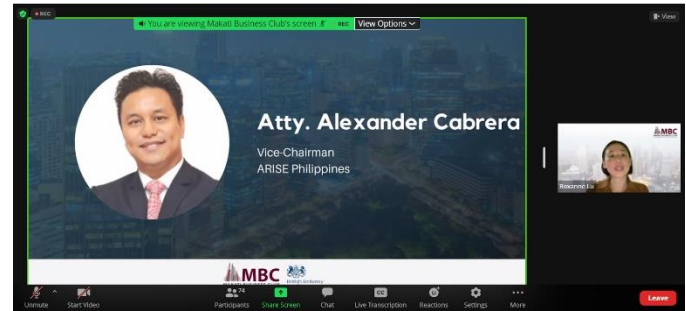
Learn more about our illustrious past, exciting present and innovative future. View and review each of the 100 “journal entries” (pun intended) everyday.

● Follow us on [Facebook](#), [LinkedIn](#), [Twitter](#) and [YouTube](#) to make sure you're notified daily.

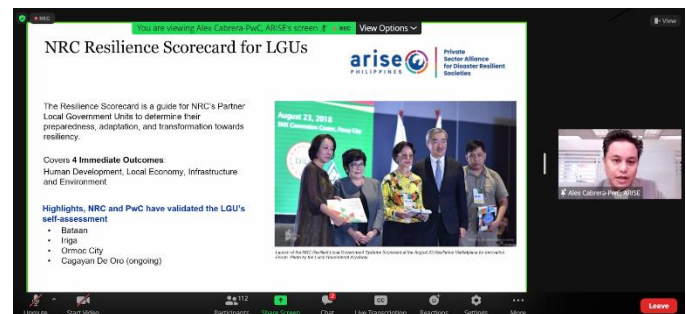
● Bookmark our dedicated microsite www.pwc.com/ph/100 for the latest news and information about our 100th anniversary.

Alex Cabrera talks about climate resilience at MBC event

PwC Philippines Chairman Emeritus and ESG Leader **Alex Cabrera**, in his capacity as Vice Chairman of [ARISE Philippines](#), was a speaker in a virtual forum held on 10 March 2022.



Organized by the Makati Business Club and the British Embassy Manila, the event “Race to resilience: Going Beyond Survival” was aimed at encouraging companies in the Philippines to join the UN's Race to Resilience campaign and shed light on climate resilience in the organizational and city level.



Alex presented ARISE programs and highlighted its achievements as a private sector alliance for disaster resilience. He also highlighted the importance of the roles of organizations that promote climate resilience such as the Plastic Credit Exchange (PCX), the Philippine Disaster Resilience Foundation (PDRF) and the National Resilience Council (NRC). He shared the firm's ongoing collaboration with NRC in validating local government units' self-assessments using NRC's resilience scorecard.

Alex ended his presentation with a short discussion on Net Zero and shared some insights on how it can help with disaster prevention and risk mitigation.

PwC subject matter expert speaks at PASIA's work and supply chain webinar

The Procurement and Supply Institute of Asia (PASIA) hosted on 11 March via Zoom the webinar “The Future of Work and Future of Supply Chain” featuring PwC Malaysia Consulting Director Chris Ong.



The webinar forum provided a new way of thinking about the future of work and future of supply chain, bringing together the top priorities of organizations and the key forces of change reshaping the business models that have given rise to global supply chains, procurement and logistics. The webinar aimed to enable professionals and leaders to envision and manage future-fit supply chains.

Chris handled the topic of Future of Supply Chain. He explained where connected supply chain sits within the perspective of digital operations, the challenges and opportunities that we currently see based on [Connected and autonomous supply chain ecosystems 2025](#) (a supply chain study conducted across 25 countries with over 1,600 CEOs and the like as respondents) and the building blocks required in the journey from digital novice to digital champion.

Zaldy Aguirre named new chair of Philippine Interpretations Committee



PwC Philippines Assurance Partner **Zaldy Aguirre** was recently named chairman of the Philippine Interpretations Committee (PIC), which was formed by the Financial Reporting Standards Council (FRSC) to assist the FRSC in establishing and improving financial reporting standards in the Philippines.

The role of the PIC is principally to issue implementation guidance on PFRS. The PIC members are appointed by the FRSC and include accountants in public practice, the academe and regulatory bodies and users of financial statements.

The FRSC was established by the Professional Regulatory Commission to help the Board of Accountancy in carrying out its power and function to promulgate accounting standards in the Philippines. The FRSC's main function is to establish generally accepted accounting principles in the Philippines.

Mary Jade Divinagracia delivers lecture on valuing IP assets



As part of the Beyond Intellectual Property BeIP Mastercourse series, the Intellectual Property Office of the Philippines (IPOPHL) invited PwC Philippines Deals and Corporate Finance Managing Partner Mary Jade Divinagracia to deliver a lecture on the topic "Intellectual Property Valuation: Theory and Practice on Valuing Intellectual Property Assets" on 11 March via Zoom.

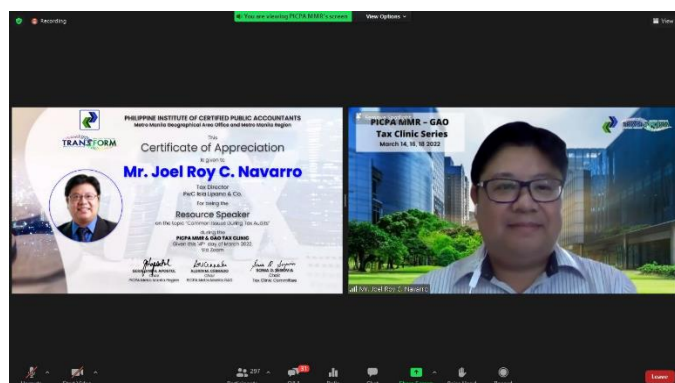
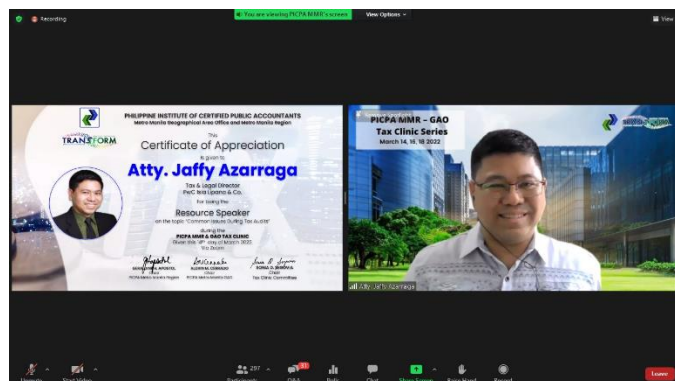
Jade gave an overview of IP valuation, its importance, and the various IP valuation approaches.

In line with the yearlong celebration of the 25th anniversary of the Philippine IP Code, the IPOPHL seeks to strengthen IP education in the country. Now on its third run, the BeIP Mastercourse is an extensive and comprehensive five-day lecture series on Intellectual Property and other IP-related matters. This mastercourse is attended mostly by IP lawyers and other IP practitioners who want to acquire a deeper knowledge of IP, its related laws and commercial applications.

Tax directors headline PICPA session on tax audits

PwC Philippines tax directors were the resource speakers on 14 March for Session 2, entitled “Common Issues During Tax Audits” as part of the Tax Clinic Series organized by the Philippine Institute of Certified Public Accountants (PICPA) - Metro Manila Geographical Office and Metro Manila Region

Tax & Legal Director Atty. Jaffy Azarraga and Tax Director Joel Roy Navarro conducted the two-hour session sponsored by our firm.



The Tax Clinic Series, dubbed as “Your Tax Questions Answered,” featured subject matter experts from leading accounting and auditing firms. It ran for two days, composed of five two-hour sessions that were offered free to PICPA members of good standing, via Zoom.

Mary Jade Divinagracia conducts workshop on achieving success in infra projects



PwC Philippines Deals and Corporate Finance Managing Partner Mary Jade Divinagracia conducted a session on 18 March for a workshop entitled “Risk Analysis and Value for Money (VfM) Quantification.”

The five-day workshop, or Module 1, was part of the “Managing Infrastructure Development: Workshop Series in support of the Build, Build, Build Program” infrastructure series organized by the Queensland University of Technology (QUT).

The participants were those involved in the management and implementation of infrastructure projects.

Jade’s 18 March session was one of the five Module 1 sessions (11, 14, 16, 18 and 21 March) that tackled the critical elements in the delivery of successful infrastructure projects: risk assessment and quantifying value for money.

The infrastructure workshop series, composed of four modules, is ongoing until early May. It seeks to enhance skills of key public sector agencies involved in the government’s Build, Build, Build (BBB) program, which is one of the top priority programs of the present government. The series also aims to develop the participants’ competencies in identifying and managing risks including legal risks, quantifying value for money, legal hermeneutics (or statutory interpretation),

environmental and social valuation, and sectoral monitoring and evaluation. It draws inspiration from a program being delivered by QUT for the National Economic Development Authority.

Pocholo Domondon speaks on the state of the mining industry



PwC Philippines Assurance Partner and Mining Sector Leader Pocholo Domondon was the keynote speaker for Day 2 of the two-day Philippine Mining Virtual Summit held via Zoom and simulcast live on the event's official Facebook page.

The event that happened on 16 and 17 March gathered over 250 C-level executives coming from country's mining industry leaders, government authorities, policy makers, associations, investors, consultants, heavy equipment suppliers and leading industry solutions provider to discuss industry and policy updates, trends, opportunities, latest technology solutions needed for the upcoming and future projects of mining industry in the country.

Cholo began his presentation "Mining through the lens of today's world" by posing these questions:

- Is mining an integral driver of economic growth?
- Do the benefits outweigh the cost?
- Responsible mining: concept or reality?
- What does the industry bring in today's world?

To put the mining executives' perspectives in a broader context, he gave a summary of the results of PwC's 25th Annual Global CEO Survey and Mining 2020 report. He then tackled mining industry-specific topics: climate change, ESG as the catalyst for sustainable growth, circular economy, complying with and funding ESG commitments, gender equality, corporate governance and further recommendations.

The welcome and keynote speeches on the first day were delivered by Environment and Natural Resources Secretary Jim Samplana and Mines and Geosciences Bureau (MGB) Director Atty. Wilfredo G. Moncano, respectively. To watch the summit, click these links for [Day 1](#) and [Day 2](#) sessions.

PEZA vs work from home: an accelerated sunset?



PwC Philippines Chairman Emeritus and ESG Leader Alex B. Cabrera, as a member of the Management Association of the Philippines (MAP) board of governors, writes for the association's "Mapping the Future" column in the Philippine Daily Inquirer today (28 March).

The work-from-home (WFH) arrangement for IT-BPO workers in companies within economic zones is set to expire by 31 March.

Alex dissects this bone of contention between the workers and the government while analyzing the effects on the economy and the workers' well-being, as well as legal implications.

Read his article [here](#).

Alex Cabrera leads virtual launch of the Integrity Self-assessment Tool



PwC Philippines **Chairman Emeritus and ESG Leader Alex Cabrera**, as Chairman of the Integrity Initiative, Inc., led the virtual launch workshop of the Fair Biz Integrity Self-assessment Tool (ISAT) and Online Round Table Discussion on 31 March via Zoom.

The United Nations Development Programme (UNDP) Country Office, as part of the Regional Project “Promoting a Fair Business Environment in ASEAN” for South East Asia under the new Prosperity Fund, developed the ISAT in partnership with Integrity Initiative. The regional project was launched in 2018 by the UNDP and the UK Government to encourage engagement with the private sector to develop and implement solutions for business integrity and sustainable development in collaboration with other stakeholders.



The ISAT is meant to provide business owners, especially those of small and medium companies, a standard set of business integrity practices on which they can benchmark, initiate and/or enhance their own integrity policies and programs.

Alex presented the ISAT, then co-moderated the round table discussion with Integrity initiative Trustee Jose Jerome “Jeng” Pascual. The ISAT elicited positive

comments from key stakeholders such as the Philippine Franchise Association (representing SMEs and MSMEs), major corporations, and the academe, including PwC Philippines **Enterprise Private Companies and Broader Assurance Lead Partner Geraldine “Gett” Apostol**.

Flords Odulio speaks at PCCI tax webinars



PwC Philippines **Client Accounting Services Executive Director Flords Odulio** was a speaker for the North Luzon and South Luzon legs of “Tax Talks: PCCI Webinar on Tax Filing Tips and Reminders” via Zoom on 18 and 21 March, respectively.

The webinar series was organized by the Philippine Chamber of Commerce and Industry's (PCCI) Tax Committee, chaired by PwC Philippines **Tax Partner, Atty. Carlos Carado II**. He was also the host and moderator for both events.

Joining Flords and Carlos were the regional Bureau of Internal Revenue (BIR) and PCCI officers.

Talk to us

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

For tax and related regulatory matters



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