



2020
Here's Wishing
All Of You A Very Happy And
Prosperous New Year!

Philippines

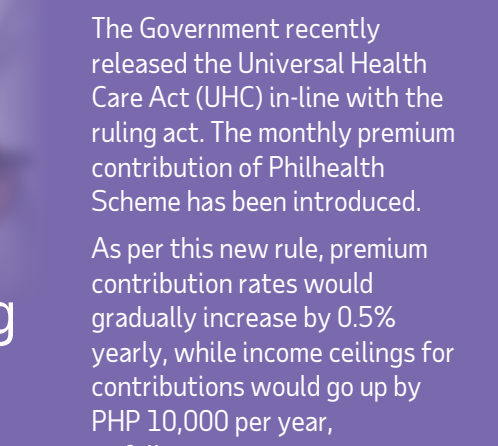


Very recently The Bureau of Internal Revenue (BIR) has brought in procedural changes for filing tax forms through notification issued RMC No. 124-2019. All taxpayers are now to follow the Alphalist Data Entry and Validation Module (Version 6.1) for the purpose of submission of forms to the BIR.

In the light of these new changes a software is being developed, the deployment of which is still being determined until completion and until all technical issues are addressed. To avoid any hardship for the tax-payers, and to help the tax payer comply with these new procedures and requirements, submission of Annual Information Return of Income Taxes Withheld on Compensation and Final Withholding Taxes (BIR Form Nos. 1604-C and 1604-F), including the Alphabetic List of Employees/ Payees From Whom Taxes Were Withheld, is extended from 31st January 2020 to 28th February 2020.

Extension of Deadline for the Submission of Annual Information Return of Income Taxes

(BIR Form Nos. 1604-C
and 1604-F)



New Monthly Basic Salary Ceiling for Philhealth Contribution

YEAR	PREMIUM RATE	INCOME FLOOR	INCOME CEILING	RANGE OF CONTRIBUTION
2019	2.75%	PHP 10,000	PHP 50,000	PHP 275 to PHP 1375
2020	3.00%	PHP 10,000	PHP 60,000	PHP 300 to PHP 1800
2021	3.50%	PHP 10,000	PHP 70,000	PHP 350 to PHP 2450
2022	4.00%	PHP 10,000	PHP 80,000	PHP 400 to PHP 3200
2023	4.50%	PHP 10,000	PHP 90,000	PHP 450 to PHP 4050
2024	5.00%	PHP 10,000	PHP 100,000	PHP 500 to PHP 5000
2025	5.00%	PHP 10,000	PHP 100,000	PHP 500 to PHP 5000

The Government recently released the Universal Health Care Act (UHC) in-line with the ruling act. The monthly premium contribution of Philhealth Scheme has been introduced.

As per this new rule, premium contribution rates would gradually increase by 0.5% yearly, while income ceilings for contributions would go up by PHP 10,000 per year, as follows:

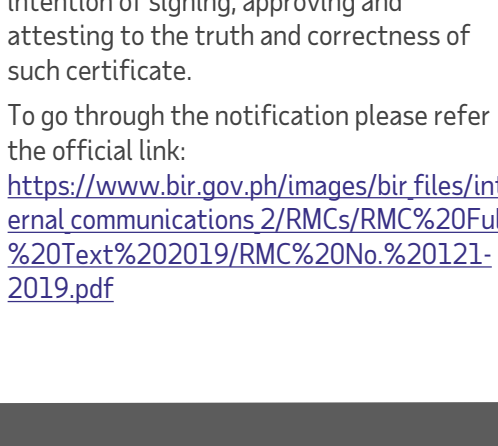
Note: Philhealth Contribution should be calculated based on (BMS) Basic Monthly Salary but it shall not include Sales Commission, Overtime Pay, Allowances, 13th Monthly Pay, Bonuses or other gratuity payments.

The Effective date of the new basic monthly salary and rate of contribution was 9th December 2019.

To go through the notification please refer the official link:
<https://www.philhealth.gov.ph/circulars/2019/circ2019-0009.pdf>

Bureau of Internal Revenue (BIR) approves the usage of Electronic Form/Certificate

The Bureau of Internal Revenue (BIR) has issued RMC No. 121-2019, to grant the requests of most withholding agents to use a computer / system generated for the BIR Certificates to be issued to their employees or BIR Form No. 2316 (Certificate of Compensation Payment / Tax Withheld.



Such an electronic would be considered valid only if the below conditions are complied with:

- The BIR Certificate must be in accordance with the latest version officially approved by the BIR
- The signatories must have been duly authorized by the taxpayer
- BIR Certificates must be signed by both parties involved for it to be valid and binding

Note: The person who affixes his/her signature shall be held administratively and criminally liable under the Tax Code and other existing laws for any misrepresentations indicated in the BIR

Certificates. In case of Associations, Partnerships and Corporations, the partner, president, general manager, branch manager, treasurer, officer-in-charge and employees responsible will be liable for the violations.

The signature affixed must be with the intention of signing, approving and attesting to the truth and correctness of such certificate.

To go through the notification please refer the official link:
https://www.bir.gov.ph/images/bir_files/internal%20communications%20RMCs/RMC%20Full%20Text%202019/RMC%20No.%20121-2019.pdf

Clarification on Foreign National Worker's Taxation and Compliance

The Bureau of Internal Revenue (BIR) has issued Revenue Memorandum Circular No. 116-2019 in order to clarify Section 4.C of Revenue Regulations No. 8-2018, stating that preferential income tax rate for employees of the following entities, without prejudice on preferential tax rates under the existing international tax treaties, are no longer applicable and shall be subject to regular tax rate:

- Employees of Regional or Area Headquarters (RAHQs) and Regional Operating Headquarters (ROHQs) of Multinational Companies;
- Offshore Banking Units (OBUs) and;
- Petroleum Service Contractor and Subcontractor

RMC No. 116-2019 clarifies that the respective incomes of the alien individuals employed by the above-stated entities are now similarly taxed as income of regular employees of locally established entities. Also all the administrative requirements by the BIR would be applicable to such employee as below:

- Employer's Annual Information Return of Income Taxes Withheld on Compensation (BIR Form No. 1604-C) as a substitute income tax return of its employees in as much as the information reported in the employee's Certificate of Compensation Payment/ Tax Withheld (BIR Form No. 2316) is consistent with the information contained in the employer's BIR Form No. 1604-C
- Issuance of BIR Form No. 2316 to its employees
- Inclusion in the monthly withholding tax remittance on compensation
- Inclusion in the prescribed Alphalist of Employees

For "Seconded Employees / Secondees" or those alien individuals who are employed by foreign principals but are assigned to render

services exclusively to local entities, they are in the same way subject to regular income tax rate and the local entities to where these alien individuals are employed must also comply with the same administrative requirements of the BIR stated above, except for substituted filing. This is in line with the principle of situs of taxation, considering that their services are performed within the Philippines.

In addition to the requirements mentioned, the following points and procedure should be taken care of:

- 1. Separate employment status and description for "seconded employees"** shall be indicated in the "Current Employment Status" of the Alphalist of Employees under BIR Form No. 1604-C, as well as in the Alphalist Data Entry and Validation Module version 6.1
- 2. Seconded Employees shall file their Annual Income Tax Return** and pay the income tax due, together with the attached BIR Form No 2316 issued by the local entities
- 3. The BIR Form No. 2316 to be issued by the local entity's employer to its seconded employees** must indicate the phrase (FOR SECONDED EMPLOYEE) under the form's title "Certificate of Compensation Payment / Tax Withheld

In case of termination of services before the end of taxable year, local entities must ensure that the withholding tax on their last salaries are computed using the annualized withholding tax method which is pursuant to the provisions of Sec. 2.29.(B).(5).(b) of RR No. 2-98, as amended.

To read further please refer the official link of the circular: https://www.bir.gov.ph/images/bir_files/internal%20communications%20RMCs/RMC%20Full%20Text%202019/RMC%20No.%20116-2019.pdf

Treatment of Tax for 105 Day Expanded Maternity Benefit

As per the recent guideline released by the Department of Labour and Employment (DOLE) which provides the details of salary computation and taxation of salary in hand of women employees for the maternity period of 105 days.

Under this guideline, the differential salary paid (i.e. the salary differential between the full salary (monthly salary X maternity period in months) of female worker during her maternity leave, and the actual cash benefits received from the Social Security System (SSS) would be considered as taxable.

To understand the guideline and read further details read through ADP newsletter:
<https://bit.ly/2VOMB0m>

However, further, The Bureau of Internal Revenue (BIR) has issued Revenue Memorandum Circular No. 105-2019, to clarify the tax treatment of such salary differential to be paid by the employer. Under the new circular, the department has clarified that any such salary differential paid by the employer to the female employee availing maternity benefits under the Expanded Maternity Leave Law is exempt from income and withholding tax.

To read further, please refer the official link for the circular:
https://www.bir.gov.ph/images/bir_files/internal%20communications%20RMCs/RMC%20Full%20Text%202019/RMC%20No.%20105-2019.pdf

Note: This exemption is based on the provisions of Expanded Maternity Leave Law asserting that the maternity benefit of the female worker received from SSS has been expanded from the previous 100% of the average daily salary credit to a full pay of salary which includes the salary differential as its component. Hence, the salary differential is considered as a benefit which is exempt under Section 2.78.1.(B)(1)(e) of Revenue Regulations No.2-98, "Payments of benefit made under the Social Security System Act of 1954, as amended".

Philippines list of holiday 2020 released.

Government of Philippines has released the National Public Holidays for 2020.

To check and go through the list please refer the official link:
<https://www.officialgazette.gov.ph/downloads/2019/11nov/20191115-PROC-845-RRD.pdf>

Indonesia

BPJS Health Insurance Wage Ceiling increased

Government of Indonesia has decided to increase the BPJS Health (BPJS Kesehatan) maximum wage ceiling is increase from IDR 8,000,000 to IDR 12,000,000 per month effective from 1st January 2020.



Particulars	Maximum Existing Wage ceiling Rate for Calculation Base	Maximum New Wage ceiling Rate for Calculation Base
BPJS Health (BPJS Kesehatan)	IDR 8,000,000 per month	IDR 12,000,000 per month
Effective	Up to 31 December 2019	From 1 January 2020
Contribution Rate	EE – 1%, ER – 4%	EE – 1%, ER – 4%

Health Care Facility Type	Old Rate of Individual Participant's Contribution per month up to 31 December 2019	New Rate of Individual Participant's Contribution per month from 1 January 2020
Class III	IDR 25,500	IDR 42,000
Class II	IDR 51,000	IDR 110,000
Class I	IDR 80,000	IDR 160,000

Note: Minimum Wage Base calculation is local province minimum Wage. Wage Calculation Base is Basic Salary plus Fixed Allowance.

Minimum Wage Hiked in Jakarta Province

Governor of Jakarta has issued the official regulation regarding Regional Minimum Wage 2020 in Jakarta.

According to the regulation of Governor DKI Jakarta number 121/2019 in article 1 stated that the Regional Minimum Wage in DKI Jakarta is increased to IDR 3,940,973 per month for Year 2020 effective from 1 January 2020

Region	Year 2019	Year 2020
Minimum Wage in Jakarta Province	IDR 3,940,973	IDR 4,276,349

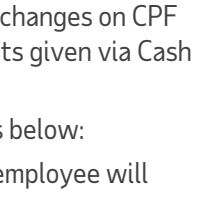
This changes shall impact the minimum base for BPJS contribution in 2020. Other provinces are yet to be notified in Indonesia. To read further please refer the official notification:
<https://jdih.jakarta.go.id/uploads/default/prod/ukhukum/PERGUBJ.NO.121.TAHUN.2019.pdf>

Indonesia list of holiday 2020 released.

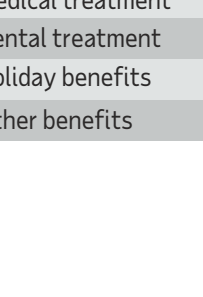
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<https://jdih.kemnaker.go.id/index.php>

Singapore



IRAS Acceptable Rates for Per Diem Allowance 2020



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IRAS released the acceptable rates for per diem allowance 2020. If the employee is paid a per diem allowance that is more than the IRAS acceptable rate for a particular country, the amount in excess of the acceptable rate is taxable in the Year of Assessment (YA) 2021.

Note: The acceptable rates are only for Income Tax purpose. They do not determine the amount of per diem allowance that the employer wishes to pay their employees.

To read further please go through the official notification:
<https://www.iras.gov.sg/IRASHome/Businesses/Employers/Tax-Treatment-of-Employee-Remuneration/Per-Diem-Allowance/Acceptable-Rates-for-Per-Diem-Allowance/>

Revised CPF Treatment of Employee Benefits Given via Cash Reimbursement



CPF Board recently updated the guide of "Which allowances and payments attract CPF contributions?" to reflect the changes on CPF treatment of employee benefits given via Cash Reimbursement.

The main changes are listed as below:

- Holiday reimbursement for employee will become CPF payable.
- Dental expenses for spouse and children will become non CPF payable.

Note: These changes are applicable from January 2020.

Cash Reimbursements	Are CPF contributions payable? (From 1 January 2020)		
	Employee	Employee's spouse	Employee's child
Medical treatment	No	No	No
Dental treatment	No	No	No
Holiday benefits	Yes	Yes	Yes
Other benefits	Yes	Yes	Yes

Employers shall implement new CPF treatment for employee benefits from 1 January 2020.

More information can be found at the updated guide of "Which allowances and payments attract CPF contributions?" at CPF Board website.