

UPDATES



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Electronic SEC Universal Registration Environment (eSECURE)

The SEC, through Memorandum Circular No. 10, Series of 2024, has established the Electronic SEC Universal Registration Environment (eSECURE). This initiative is part of the SEC's broader objective to enhance the accessibility and security of its online services, in line with the government's digitalization efforts under the Ease of Doing Business Act.

All individuals seeking to utilize the SEC's online services are required to register and create an account within the eSECURE platform. Upon successful registration, users will gain streamlined access to these services. A credentialing process, which may include biometric verification or electronic Know Your Customer (eKYC) protocols, will be implemented, particularly for services involving sensitive data.

Until the integration of key services such as the SEC Electronic Filing and Submission Tool (eFAST), MC 28 Submission Portal, and Electronic System for Payment to SEC (eSPAYSEC) into eSECURE, these platforms

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will remain accessible without an eSECURE account. However, upon issuance of a circular from the SEC, access to these services will require an eSECURE account moving forward.

Minutes of the meeting of stockholders

SEC Memorandum Circular No. 11 series of 2024, requires publicly listed companies (PLCs) to publish the minutes of their annual and special stockholders' meetings on their official websites. The minutes must include details such as the meeting date, quorum determination, voting procedures, resolutions discussed, and questions raised by stockholders.



The SEC also requires that the draft minutes must be uploaded within five business days after the meeting, and approved minutes within five days of stockholder approval. PLCs must retain the minutes for five years, with penalties for non-compliance including monetary fines and potential suspension of licenses.

Securing & Expanding capital in Real Estate Investment Transactions (SEC RENT)

SEC Memorandum Circular No. 12 series of 2024, establishes comprehensive guidelines for regulating rental pool agreements in real estate

transactions. These agreements enable property owners to pool their units, such as those in condominiums, hotels, or resorts, for rental purposes, with the revenue generated being distributed among them. Under this circular, rental pool agreements are classified as securities, thereby requiring real estate developers to register them with the SEC prior to offering them to the public.

The SEC circular prescribes the detailed registration process, which includes obtaining approvals from various departments within the SEC and adhering to specific financial reporting standards. Developers are required to submit registration statements and other necessary documents to the SEC. Non-compliance with these registration requirements can result in penalties.

Enhanced Compliance Incentive Plan

The SEC, through Memorandum Circular No. 13, Series of 2024, has introduced the Enhanced Compliance Incentive Plan (ECIP), offering delinquent and non-compliant corporations the opportunity to settle fines and penalties at reduced rates. This initiative follows the SEC's 2023 Amnesty Program, providing a further chance for corporations that failed to submit required reports, such as the General Information Sheet (GIS) or Annual Financial Statements (AFS), to restore their good standing.

Under the ECIP, non-compliant companies may settle their fines for as low as ₱20,000, provided they file the latest due report and comply with the provisions of SEC Memorandum Circular No. 28, Series of 2020. Additionally, suspended or revoked corporations are allowed to pay 50% of their assessed fines, along with a petition fee, to initiate the reinstatement process.

It is important to note that the mere payment of the reduced fees does not automatically result in the reinstatement of compliant status. Companies must also submit all necessary

supporting documents. Applications for the must be filed through the SEC's eFAST system between September 2, 2024, and November 30, 2024.



COURT OF TAX APPEALS (CTA)

Temporary Suspension Order

Through CTA En Banc Resolution No. 5-2024, the Court of Tax Appeals issued revised guidelines concerning the issuance of Temporary Suspension Orders (TSOs). The key provisions include:

- In Division cases where a motion to enjoin the Commissioner of Internal Revenue (CIR) from enforcing a Warrant of Dstraint and Levy (WDL) or Garnishment is filed, a TSO may be issued upon the ponente's recommendation, valid until the motion is resolved.
- In En Banc cases where the Court in Division set aside the assessment but the CIR still issued a WDL, a show-cause order may be issued to the CIR. Upon taxpayer motion, the En Banc may suspend the WDL through a resolution.

Guidelines on Submission of Electronic Copies of Pleadings and Other Courts Submissions before the Court of Tax Appeals

The CTA, through CTA En Banc Resolution No. 8-2024, formalizes comprehensive guidelines for the electronic submission of pleadings and other court submissions. This resolution supports the Supreme Court's ongoing reform efforts to improve the judiciary's operational efficiency through digitalization.

Pursuant to these guidelines, litigants are required to submit PDF copies of their filings to specific email addresses assigned for En Banc or Division cases. The electronic submission must be complied with within 24 hours of filing the requisite paper copies; otherwise, the submission will be considered unfiled.

The guidelines also mandate strict adherence to formatting requirements for PDF documents, with any discrepancies between the paper and electronic copies potentially resulting in the nullification of the filing. Counsel or parties submitting documents must include a valid email address in their filings, which will serve as their email address of record. Additionally, a verified declaration affirming the completeness and accuracy of the electronic submissions is required. This resolution became effective on September 1, 2024.



BANGKO SENTRAL NG PILIPINAS

Amendments to Foreign Exchange Regulations covering Reporting Guidelines and Penalty provisions

BSP Circular No. 1197, series of 2024, introduces amendments and clarifications to the existing Manual of Regulations on Foreign Exchange Transactions. This circular enhances risk management protocols for banks, specifically addressing emerging risks associated with digital banking and financial technologies.

The circular mandates that entities adhere to the reportorial requirements, stipulating that reports must be complete, accurate, consistent, reliable, and timely to comply with BSP reporting standards.

Furthermore, the circular strengthens enforcement measures by imposing stricter penalties for non-compliance, which may include fines of up to PhP 1 million per violation or PhP 100,000 per day for ongoing violations. It also delineates specific categories of reporting violations, including erroneous, delayed, and unsubmitted reports, each subject to corresponding penalties. These new guidelines apply to authorized agent banks (AABs), offshore banking units (OBUs), and other relevant entities. Reporting entities are afforded a transition period until the end of the year to align their systems with these updated requirements.



Regulatory Framework for Merchant Payment Acceptance Activities (MPAA)

BSP Circular No. 1198, Series of 2024, establishes a comprehensive regulatory framework governing MPAA in the Philippines. Operators of Payment Systems (OPS) engaged in processing and accepting payments on behalf of merchants must secure a Merchant Acquisition License (MAL). The circular imposes capital requirements on covered entities. A minimum capitalization of PhP 5 million is required for those with monthly transactions below PhP 100 million. Those whose monthly transactions exceed this threshold must have a minimum capital of PhP 10 million.

The circular also provides guidelines for Merchant Acquisition Services. It requires the conduct of merchant due diligence and the execution of a governing agreement. Further, the circular mandates adherence to reportorial requirements for OPS-MPAA. There must be submission of secondary reports with the corresponding deadlines to ensure ongoing regulatory compliance.

Lastly, it also outlines special rules for MPAA which include outsourcing and information technology risk management. The circular also underscores the importance of compliance with Anti-Money Laundering and counter-terrorism financing regulations.



Divestment of Equity Investments

BSP Circular No. 1199 introduces amendments to the Manual of Regulations for Banks specifically on equity investments by banks. The key changes focus on the divestment of disallowed equity investments. Banks are required to immediately divest any non-compliant investments without the need for prior notice from the BSP.

Banks must divest such investments within six months from receipt of notice from the BSP. Failure to do so could result in sanctions, including fines that may reach up to ₱1 million per investment, and penalties for the officers or directors responsible for the non-compliant investments. For repeat violations, the fines are doubled, and banks are required to submit divestment plans for BSP review.



PHILIPPINE ECONOMIC ZONE AUTHORITY

Guidelines on Local Sales to the Registered Business Enterprises (RBEs) exceeding their local sales threshold

Through PEZA Resolution No. 24-190, PEZA has approved the retention of export enterprise status for RBEs under Categories A, B, and C. It has also authorized the issuance of a Letter of Authority (LOA) to RBEs under Categories A and B to engage in local sales. RBEs under Category C, however, are required to pay applicable fees proportional to their excess local sales.

The resolution further establishes guidelines for RBEs exceeding their local sales thresholds, stipulating that they only need to retain the payment of the Regular Corporate Income Tax (RCIT), with other charges eliminated. Additionally, RBEs under the pre-CREATE Act may retain their export enterprise status until the end of the transitory provision of CREATE without requiring Board approval. Such RBEs may be issued LOAs to engage in local sales, provided that they have paid the RCIT and completed the necessary documentary requirements.

However, RBEs failing to meet their export sales requirements will not be issued a VAT-zero rating certificate for their local purchases. The resolution also provides rules regarding the computation of local sales and the withdrawal of finished goods for all RBEs.





BIR ISSUANCES

REVENUE MEMORANDUM CIRCULARS (RMC)

Revenue Memorandum Circular (RMC) No. 77- 2024

Clarification on the invoicing requirements provided under Revenue Regulations (RR) No. 7-2024, as amended by RR No. 11-2024.

It focuses on the RR No. 7-2024 (as amended by RR No. 11-2024) invoicing regulations. Every sale must have a value added tax (VAT) invoice from taxpayers registered with VAT regardless of the amount of transaction; while for non-VAT registered sellers, an invoice shall be issued for transactions to aggregating to PHP500 or more, or at the buyer's request, regardless of the amount of the transaction. The Circular also describes the implications of non-compliance and offers instructions for updating current official receipts/billing statement/statement of account to meet the new requirements.

Revenue Memorandum Circular No. 84-2024

Clarification on the Publication of Revenue Issuances under Section 245 of the National Internal Revenue Code of 1997, as amended by Republic Act No. 11976, otherwise known as the "Ease of Paying Taxes Act," as implemented by Revenue Regulations No. 2-2024

All BIR revenue issuances issued after the effectivity of RR No. 2-2024, or March 4, 2024, may be published on the BIR's official website in compliance with Section 245 of the Tax Code.

Revenue Memorandum Circular No. 87- 2024

Frequently-Asked Questions Relative to the Filing of Tax Returns and Payment of Taxes Pursuant to Revenue Regulations No. 4-2024, Implementing the Provisions of Republic Act No. 11976, Otherwise Known as "Ease of Paying Taxes (EOPT) Act" specifically on the use of Electronic Filing and Payment System (eFPS), manner and timing of filing of returns whether electronically or in instances where manual filing is allowed, and payment thereof.

Revenue Memorandum Circular No. 91- 2024

Clarification on Registration Procedures Pursuant to Revenue Regulations No. 7-2024, as amended by Revenue Regulations No. 11-2024.

Pertinent clarification on persons required to register with the BIR, timing, manner and place of registration, Securing of Certificate of Registration (COR), Registration of Books of Accounts, Transfer of registration records to another RDO, and Closure of business with BIR.

REVENUE MEMORANDUM ORDER (RMO)

Revenue Memorandum Order (RMO) No. 37- 2024

Policies, Guidelines and Procedures in Classifying Business Taxpayers pursuant to Section 21(b) of the Tax Code as amended, in relation to Section 47 of the Ease of Paying Taxes (EOPT) Act or Revenue Regulations No. 8-2024. It lays down the criteria for the classification of taxpayers from micro through large depending on gross sales. The RMO gives the guidelines and procedures for determining the initial classification of taxpayers and for requesting for a reclassification, if necessary.

Other BIR Issuances

Revenue Regulations No. 13-2024

Providing extension of the deadlines of the filing of tax returns and payment of the corresponding taxes due thereon, including submission of required documents for taxpayers within the jurisdiction of Revenue District Offices of the Bureau of Internal Revenue that were affected by Southwest Monsoon and Typhoon “Carina”, and giving authority to the Commissioner of Internal Revenue to extend the deadline for the filing of the Commissioner of Internal Revenue to extend the deadline for the filing of the Commissioner of Internal Revenue to extend the deadline for the filing of the returns and other documents on times of force majeure.

Revenue Regulations No. 15-2024

Prescribing policies and guidelines in the mandatory registration of persons engaged in business and administrative sanctions and criminal liabilities for non-registration.

Revenue Memorandum Order No. 25-2024

Providing Guidelines, Policies and Procedures in the Processing of Claims for Tax Credit/Refund of Excess/Unutilized Creditable Withholding Taxes on Income Pursuant to Section 76(C), in Relation to Sections 204(C) and 229 of the National Internal Revenue Code of 1997, as Amended (Tax Code), Except Those Under the Authority and Jurisdiction of the Legal Group.

Revenue Memorandum Order No. 27-2024

Providing Guidelines, Policies and Procedures in the Processing of Claims for Credit/Refund of Taxes Erroneously or Illegally Received or Collected or Penalties Imposed Without Authority Pursuant to Section 204(C), in Relation to Section 229 of the National Internal Revenue Code of 1997, as Amended (Tax Code), Except Those Under the Authority and Jurisdiction of the Legal Group.

Revenue Memorandum Circular No. 74-2024

Prescribing the mandatory requirements for claims for credit/refund of taxes erroneously or illegally received or collected or penalties imposed without authority pursuant to Section 204(C), in relation to Section 229 of the National Internal Revenue Code of 1997, as amended, except those under the authority and jurisdiction of the Legal Group.

Revenue Memorandum Circular No. 75-2024

Provide guidelines and prescribe the mandatory documentary requirements in the processing and grant of claims for issuance of tax credit certificates (TCC) or cash refund of excess/unutilized creditable withholding taxes (CWT) on income under Section 76(C), in relation to Sections 204(C) and 229 of the Tax Code, in line with the EOPT Law (i.e., due to dissolution or cessation of business).

Revenue Memorandum Circular No. 79-2024

Further Extending the Transitory Period Prior to Actual Imposition of Withholding Tax on Gross Remittances made by Digital Financial Services Providers to Sellers/Merchants Prescribed under Revenue Regulations No. 16-2023.

Revenue Memorandum Circular No. 96-2024

Amending Certain Provisions of Revenue Memorandum Circular No. 05-2001 on the Grounds and Procedures for the Implementation of Section 206 of the Tax Code of 1997 on Constructive Distraint.

Revenue Memorandum Circular No. 109-2024

Clarifies that for ONETT-related taxes, taxpayers may make payments over the counter using either cash or check at any Authorized Agents Banks or RCOs. However, RCOs can only accept cash payment up to PHP20,000. Payments by check, both AABs and RCOs will accept only Manager’s or Cashier’s Check regardless of amount to standardize the requirements and expedite the verification processes.

TAX Updates

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Cherry was also a topnotcher in the 1972 CPA board and 1979 BAR examinations. She is the 2000 FINEX President.



LEGAL Updates

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