

HOW TO STRUCTURE AND COMPUTE SALARIES, WAGES AND BENEFITS WITH THE NEW TRAIN TAX-EXEMPT RULES

9:00 am to 5:00 pm, Thursday, March 1, 2018
Manila Marriott Hotel, Pasay City, Philippines

COURSE OUTLINE

Part I – De Minimis Benefits

1. Concept of Fringe Benefits
 - a. Covered Employees
 - b. Fringe Benefits subject to Fringe Benefits Tax (FBT)
 - i. Money
 - ii. Property Other than Money
 - c. Fringe Benefits not subject to FBT
 - i. *De minimis* benefits
2. Meaning of De Minimis Benefits (DMB) in general
3. RR 1-2015 Exempts DMB from tax on compensation as well as FBT
 - a. Amendment of the following RR:
 - i. RR 2-98
 - ii. RR 5-2008
 - iii. RR 5-2011
 - iv. RR 8-2012
4. Updated list of DMB
 - a. Monetized unused VL not exceeding 10 days
 - b. Medical cash allowance
 - c. Rice subsidy
 - d. Uniform and clothing allowance
 - e. Actual Medical Assistance
 - f. Laundry Allowance
 - g. Employees Achievement Awards
 - h. Gifts given during Christmas Party and Major Anniversary Celebration
 - i. Daily meal allowance for OT work and night/ graveyard shift

5. Exclusivity of DMB list

- a. Those not included in the enumeration shall be subject to income tax as well as withholding tax on compensation income

6. Sample Computations of DMB

Part II – 13th Month Pay and Other Benefits

1. Concept of 13th Month Pay

- a. Who are entitled to 13th Month Pay
- b. Exclusions from coverage

2. Other Benefits

- a. Christmas Bonus
 - i. Concept of Christmas Bonus
- b. Productivity Incentive Bonus
- c. Loyalty Award
- d. Gifts
- e. Other Benefits of similar nature

3. Exemption from Withholding Tax and Exclusion from Computation of Gross Income

- a. Applicable provision of the National Internal Revenue Code (NIRC)
 - i. Gross Income
 - ii. Exclusion from Gross Income
 - iii. Miscellaneous Items – 13th Month Pay and Other Benefits
- b. Old ceiling of 13th month pay and Other benefits is P30,000.00

4. RA 10653

- a. An act adjusting the 13th month pay and other benefits ceiling excluded from the computation of Gross Income for purposes of income taxation. Amends Section 32 (B), Chapter VI of the NIRC
- b. Total exclusion total exclusion shall not exceed eighty-two thousand pesos (P82,000) from previously P30,000.00
 - i. Coverage of total exclusion

- 1. Christmas Bonus
- 2. Productivity Incentives

5. RR 3-2105 Implementing RA 10653

a. The amount of P30,000.00 referring to the total amount of 13th month pay and other benefits as one of the exclusions from gross income was increased to P82,000.00

b. Application of P82,000.00 ceiling

i. 13th month pay

ii. Other benefits

iii. Applicable to those paid or accrued beginning January 1, 2015

c. Non-applicability to other compensation

d. Taxpayers-Employers shall ensure correct computation in the year-end adjustments and shall be clearly indicated.

e. Case of Terminated Employees before the close of the calendar year

f. Penalty for violation

6. Sample computations

7. Structuring both DMB and 13th Month Pay and other Benefits Under the New Tax Rules

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