



# HOW TO STRUCTURE AND COMPUTE SALARIES, WAGES AND BENEFITS WITH THE 2018 NEW TRAIN INCENTIVES FOR TAXPAYERS

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9:00 am to 5:00 pm, Friday, July 6, 2018  
EDSA Shangri-La Hotel, Mandaluyong 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 – 13<sup>th</sup> Month Pay and Other Benefits

1. Concept of 13<sup>th</sup> Month Pay
  - a. Who are entitled to 13<sup>th</sup> 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 – 13<sup>th</sup> Month Pay and Other Benefits
    - b. Old ceiling of 13<sup>th</sup> month pay and Other benefits is P30,000.00
  4. RA 10653
    - a. An act adjusting the 13<sup>th</sup> 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 13<sup>th</sup> 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. 13<sup>th</sup> 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 13<sup>th</sup> Month Pay and other Benefits Under the New Tax Rules

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