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# *Client advisory letter*



**Isla Lipana & Co.**

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Updates, reiterations and clarifications on selected topics

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# Shaping the future

According to the International Accounting Standards Board (IASB), “the insurance industry is an important and increasingly international industry and insurance contracts expose entities to long term and uncertain obligations. Today, the accounting for insurance contracts does not provide users with the information they need to meaningfully understand the insurer’s financial position, performance and risk exposure.”

Accordingly, the global reach of the insurance industry also points to the increasing importance of having a single standard as insurers need increased access to global, rather than local, financial markets. A new standard for insurance contracts is an opportunity to create more consistent and comparable reporting among insurers and to improve the way in which the performance of insurance business is presented to investors. The development of a comprehensive standard is essential because the current standard – International Financial Reporting Standard (IFRS) 4, Insurance Contracts – that was only intended to be a transition standard, does not provide the level of transparency and comparability needed by the users of financial statements.

The IASB is moving into the final stages of its project for a new IFRS for insurance contracts. Implementation of the standard will be very challenging for insurers with far reaching consequences for their financial reporting and infrastructure. Companies should be planning how to assess the impact for their organizations.

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# re of insurance accounting

## Background

The comment period for the IASB's recent exposure draft ended in 2013 October. The IASB has substantially completed its deliberations, and expects to conclude deliberations in 2015. The IASB's deliberations focuses on the five re-exposure areas:

- Use of other comprehensive income (OCI)
- Unlocking the contractual service margin
- Treatment of participating type insurance contracts
- Presentation of insurance contract revenue and expenses
- Transition

The standard will fundamentally change financial reporting for insurers and will be highly complex to implement. Companies are expected to have 3 years to implement the requirements but the challenges of implementing in this timeframe should not be underestimated. Companies should be deciding how and when they will assess the impact for their organization and begin to plan out their future implementation.

## Key messages

- ED responses supported many of the changes and the need for the standard. Many requirements are unlikely to change – key concerns relate to participating contracts and mandatory OCI.
- The changes are expected to have the most significant impact for life insurers compared to non-life. Some key areas for life insurers are still uncertain (e.g. options & guarantees)
- Insurers should determine 'windows' for project activity given the expected timetable and consider budget requests
- Companies should plan their impact assessment of the requirements – think how to scale the assessment to their business and plan timing for considering wider dependencies (e.g. use of Solvency II models, impact on key financial metrics)

- Insurers should also focus on getting the foundations of their finance function in place before future implementation (e.g. working-day timetables, finance operating model, actuarial and risk, systems and processes)

The mandatory effective date of the new insurance contracts Standard will be considered when the publication date of the Standard is more certain. The IASB plans to review the due process steps undertaken in developing the Standard to date at its 2016 January meeting and expects to issue the new Standard in 2016.

In the Philippines, the Philippine Interpretations Committee (PIC) has formed a technical working group led by the Insurance Commission and various local regulatory agencies and auditing firms to look into the key accounting issues and implementation challenges of the upcoming new insurance contracts Standard.

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# ***Latest on income tax, VAT, and other taxes***

## ***Microfinancing is subject to VAT***

The taxpayer's act of lending money and earning interest makes it a lending investor, subject to VAT. This is even if the microfinancing institution engages in lending of money to the poor or in social lending activities. Section 108 of the Tax Code does not distinguish between microfinancing and commercial lending; neither is microfinancing treated as a VAT-exempt transaction under Section 109 of the Tax Code.

## ***DST applies to microfinance loan agreements***

In this case, the taxpayer failed to show that the loans it extends fall under the documents and papers exempted from DST under Section 199 of the Tax Code. No evidence was presented to show that the loan agreements with the borrowers were used to purchase on installment for the borrowers' personal use or for their family, and not for business or resale, barter or hire of a house, lot, motor vehicle, appliance, or furniture. Thus, the CTA upheld the DST assessment.

(CTA EB Case No. 8480 dated 29 October 2015)

## ***Transport network companies without CPC are subject to VAT***

The BIR reiterated the tax treatment of transport network companies (TNCs) such as, but not limited to, UBER, GrabTaxi, their partners/supplier and other similar arrangements. When a TNC has been granted a Certificate of Public Convenience (CPC), the holder is known as a common carrier and its gross receipts are subject to the 3% common carriers tax under the Tax Code<sup>1</sup>. However, if the TNC is not a holder of a valid and current CPC, it shall be

classified as a land transportation service contractor subject to 12% VAT.

If the partner is a land transportation service contractor, then at its option, it may register either as a VAT taxpayer subject to 12% VAT if its gross annual sales and/or receipts do not exceed PHP1,919,500, or register as a non-VAT taxpayer subject to the 3% percentage tax under the Tax Code.

Each TNC and its partner should register their business with the BIR, maintain manual books of accounts/computerized accounting system and issue receipts for sale of services. Payments made are not allowed as deductible expense unless properly substantiated by a valid OR and the related taxes properly withheld and remitted to the BIR.

All payments received from a passenger/customer must be issued an OR without need of demand for its issuance. Violation of the rules on registration, issuance of ORs and withholding of taxes shall be subject to both civil and criminal liabilities under the Tax Code.

(Revenue Memorandum Circular No. 70-2015 dated 29 October 2015)

## ***BIR issues rules on Philippines-Qatar Tax Treaty***

The CIR circularized the treaty ("Agreement") entered on 19 May 2015 between the Government of the Republic of the Philippines and the Government of the State of Qatar for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on Income and Capital Gains.

Pursuant to Article 28 of the Agreement, the same shall have effect with respect to taxes on income and capital gains, including taxes withheld at source on income paid to a nonresident, for any taxable period beginning on or after 1 January 2016.

The BIR reiterated that TTRAs invoking the Philippines-Qatar Double Taxation Agreement should be filed with and addressed to the ITAD at Room 811, Bureau of Internal

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1 Section 117 of the Tax Code

Revenue, National Office Building, Diliman, Quezon City. A Qatari resident income earner or his authorized representative should file a duly accomplished BIR Form 0901 (Application for Relief from Double Taxation) with the required documents specified at the back of the form pursuant to RMO No. 72-2010.

(Revenue Memorandum Circular No. 72-2015 dated 28 October 2015)

## **Interest from forex deposit system of nonresidents is tax-exempt**

Interest income from an expanded foreign currency deposit system, derived by a nonresident foreign corporation transacting business in the Philippines independent of its branch, shall be considered as its own and not of its branch. The amount shall be exempt from Philippine income tax, and consequently, withholding tax.

The Tax Code<sup>2</sup> provides that interest income derived under the expanded foreign currency deposit system is generally subject to a 10% final tax; it shall be exempt from income tax if derived by nonresidents, whether individuals or corporations, from transactions with depository banks.

(BIR Ruling No. 279-2015 dated 25 August 2015)

## **Sale of marine product in its original state is VAT-exempt**

Under the Tax Code<sup>3</sup>, the sale or importation of agricultural and marine food products in their original state is exempt from VAT. The products are considered in their original state even if they had undergone the simple processes of preparation and preservation for the market, including those using advanced technological means of packaging<sup>4</sup>.

Thus, the sale of milkfish (bangus), tilapia, cream dory, and pompano products that were prepared under simple processes of chopping, deboning, smoking, and stripping were deemed as exempt from 12% VAT.

(BIR Ruling No. 283-2015 dated 25 August 2015)

## **Performance-based bonus of PHP10,000 is a de minimis benefit**

Performance-based bonus, as well as those agreed upon under a Collective Negotiation Agreement of the public sector, falls within the purview of Productivity Incentive Scheme benefits and is considered a de minimis benefit.

Productivity Incentive Schemes are benefits accorded by management to its employees based on certain economic factors (e.g., increase in productivity). These benefits are exempted from income tax on compensation and FBT. They are exempted as well from withholding tax provided that the total annual monetary value received does not exceed PHP10,000 per employee per taxable year. However, the amount shall be treated as “Other Benefits” under the Tax Code<sup>5</sup> and may be excluded from the employee’s gross income so long as the value, in addition to other benefits received, does not exceed PHP82,000. Otherwise, it shall be subject to normal income tax rates.

(BIR Ruling No. 293-2015 dated 27 August 2015)

2 Section 28(A)(7)(b) of the Tax Code

### **Glossary**

BIR - Bureau of Internal Revenue

CPC - Certificate of Public Convenience

CTA - Court of Tax Appeals

DST - Documentary Stamp Tax

FBT - Fringe Benefits Tax

ITAD - International Tax Affairs Division

OR - Official Receipt

RMO - Revenue Memorandum Order

TNC - Transport Network Company

TTRA - Tax Treaty Relief Application

VAT - Value-Added Tax

3 Section 109(1)(A) of the Tax Code

4 Section 4.109-1(B)(1)(a) of RR No. 16-2005

5 Section 32(B)(7) as amended by RA No. 10653 (An Act adjusting the 13th month pay and other benefits ceiling excluded from the computation of gross income for purposes of income taxation, amending for the purpose, Section 32(B), Chapter IV of the National Internal Revenue Code of 1997, as amended).

## ***SBMA is a taxable entity***

All corporations, agencies, or instrumentalities, owned or controlled by the Government, except the GSIS, SSS, PHIC, and PCSO, are taxable. This includes the Subic Bay Metropolitan Authority (SBMA) which regulates the establishment, operation and maintenance of utilities and infrastructure in the former military reservation in Subic.

Unlike other economic zone authorities (e.g., TIEZA), no specific provisions of the law establishing the SBMA accorded it exemption from payment of national taxes, including corporate income tax. Moreover, the exemption under the Tax Code<sup>6</sup> does not apply since it does not specifically extend to government instrumentalities<sup>7</sup> such as the SBMA.

Thus, in the absence of any statutory provision expressly granting exemption to SBMA, Section 27(C) of the Tax Code, providing for the taxability of GOCCs, agencies, and instrumentalities, shall apply.

(BIR Ruling No. 313-2015 dated 19 September 2015)

## ***Purchase of second-hand car by staff of a regional development bank is tax-exempt***

Based on a bilateral agreement between a regional development bank and the Republic of the Philippines, all officers, staff, experts, and consultants of the bank are entitled to one tax-free importation of a motor vehicle within 12 months after first taking up post in the Philippines. They may also exercise the same privilege after a period of three years from the last importation.

With respect to the importation of a second motor vehicle, under the Memorandum of the Executive Secretary to the Secretaries of the Foreign Affairs and Finance, the bank's personnel may import two tax-exempt automobiles provided that:

1. The second car is locally assembled drawn from those covered by the Progressive Car Manufacturing Program;
2. There is a right of rebate of taxes as if said locally assembled cars were exported;
3. The exemption shall be extended only to staff members in the professional or higher level; and
4. The payment should be made in a foreign currency acceptable as part of the international reserves of the Philippines.

(BIR ITAD Ruling No. 46-2015 dated 17 September 2015)

6 Sections 32(B)(7)(b) of the Tax Code

7 BIR Ruling No. 038-2002 dated 5 November 2002

## ***Latest on tax asse***

### ***Result of BIR surveillance is not appealable to the CTA***

An assessment, resulting from surveillance of a taxpayer, is not a decision or inaction contemplated under RA No. 1125 that is appealable to the CTA. The appellate jurisdiction of the CTA involves the review of a final decision or inaction of the CIR to act on a disputed assessment. Since the records of the case show that no final assessment notice has been issued to the taxpayer by the CIR, the appeal of the case to the CTA is premature.

#### ***Glossary***

ATP - Authority to Print

BIR - Bureau of Internal Revenue

CIR - Commissioner of Internal Revenue

CTA - Court of Tax Appeals

GOCC - Government-Owned and Controlled

Corporations

GSIS - Government Service Insurance System

PCSO - Philippine Charity Sweepstakes Office

PHIC - Philippine Health Insurance Corporation

SBMA - Subic Bay Metropolitan Authority

SC - Supreme Court

SSS - Social Security System

TIEZA - Tourism Infrastructure and Enterprise Zone

Authority

TTRA - Tax Treaty Relief Application

VAT - Value-Added Tax

# Assessments/refund procedures

## **Closure order by the BIR is appealable to the CTA**

Nullification of closure orders issued by the BIR should be appealed to the CTA and not to the Regional Trial Court. The jurisdiction of the CTA includes “other matters” which refer to those cases which do not necessarily involve disputed assessments or refunds but controversies arising under the Tax Code or other laws administered by the BIR. (CTA AC No. 124 dated 27 October 2015)

## **No VAT refund when output tax exceeds input tax**

The CTA denied the taxpayer’s claim for refund of input tax attributable to zero-rated sales as the court found that there were no excess input taxes. Although the taxpayer reflected an input tax carried over from previous period, the same cannot be validly applied against the output VAT since the taxpayer failed to present VAT invoices or receipts to prove the existence of such amount<sup>8</sup>. Even assuming that there was proper substantiation, the amount is still not enough to cover the output VAT still due. Thus, there was no excess input VAT which may be the subject of a claim for refund/tax credit under Section 112(A) of the Tax Code.

According to the CTA, Sections 110(B) and 112(A) of the Tax Code should be considered together. The rule is if the output tax exceeds the input tax, the excess shall be paid. Should the input tax exceed the output tax, the excess may be carried over to the succeeding quarter/s; and any input tax attributable to zero-rated sales by VAT-registered entities may be refunded or credited against other internal revenue taxes.

(CTA EB Case No. 1153 dated 14 October 2015)

## **Purchases are disallowed if supports are defective**

- *Sales invoices issued before the approval of ATP are not valid*

The taxpayer is being assessed for deficiency income tax arising from disallowance of purchases. The BIR alleged that the purchases from suppliers were unsubstantiated, appeared to be excessive, and seemed implausible because the suppliers were fictitious. However, the CTA was not convinced with the fraud allegation.

The CTA found that the purchases were sufficiently substantiated by sales invoices and delivery receipts. However, some of the purchases were disallowed because their supporting invoices were issued by the suppliers before the BIR ATP was granted.

(CTA Case No. 8592 dated 2 October 2015)

## **SC minute resolutions do not prevent retroactivity of a later decision**

In this case, the taxpayer was assessed for deficiency final tax on interest payments to a Singaporean entity. It used the preferential tax treaty rate of 15% (but belatedly filed its TTRA), instead of 20% under the Tax Code. The BIR said that at the time of the transaction, the existing jurisprudence is the *Mirant* case where the SC, in two minute resolutions, denied the appeal of the CTA En Banc decision which held that the filing of a TTRA is required prior to the availment of the provisions of certain Philippine tax treaties. The BIR argued that the *Deutsche Bank* case, where the SC held that the prior filing of a TTRA is not mandatory, does not apply in this case. According to the BIR, the *Deutsche Bank* case cannot be applied retroactively because of the *Mirant* case.

However, the CTA explained that minute resolutions are not considered precedents and cannot bind persons who are not parties to the action. They are binding only with

8 Pursuant to Section 110(A) in relation to Section 110(B) of the Tax Code

respect to cases with the same subject matter and the same issues concerning the same parties. Doctrines or principles of law which constitute binding precedents are embodied in decisions issued by the SC and not in minute resolutions. Thus, the principle of prospectivity of a new jurisprudential doctrine is not applicable to the Deutsche Bank case.

(CTA EB No. 1201 dated 28 October 2015)

## ***Erroneously paid 5% GIT may be refunded***

- *Proof that income was derived from PEZA-registered activities is necessary*

The taxpayer is registered with the Clark Special Economic Zone (CSEZ) and was initially granted a preferred tax regime of 5% tax on gross income in lieu of all taxes. When the CSEZ was subsequently proclaimed as a PEZA special economic zone, the taxpayer was granted a four-year ITH under a non-pioneer status by virtue of a Supplemental Agreement with PEZA starting from its commercial operations on 9 August 2006 until 9 August 2010. The taxpayer erroneously paid 5% GIT during the ITH period. Thus, it filed a claim for refund.

The court granted the claim for refund, but only to the extent that the taxpayer was able to prove as relating to PEZA-registered activities.

(CTA EB Nos. 1156 and 1182 dated 28 October 2015)

### ***Glossary***

BIR - Bureau of Internal Revenue
CIR - Commissioner of Internal Revenue
COA - Commission on Audit
CRM - Cash Register Machine
CSEZ - Clark Special Economic Zone
ELTRD - Excise Large Taxpayers Regulatory Division
GIT - Gross Income Tax
ITH - Income Tax Holiday
LTAD - Large Taxpayers Assistance Division
LTD - Large Taxpayers Division
NAB - National Accreditation Board
NAIA - Ninoy Aquino International Airport
PEZA - Philippine Economic Zone Authority
POS - Point-of-Sale
RDO - Revenue District Office
RR - Revenue Regulations
SC - Supreme Court
SEC - Securities and Exchange Commission
TIN - Tax Identification Number

# ***Latest on regulatory***

## ***Deadline for adjusting CRM/POS/other similar machines extended anew***

The CIR has extended until 31 December 2015 the period for adjusting CRM/POS/other similar machines/software that would generate official receipts/sales/invoices/other commercial invoices containing the information required by RR No. 10-2015.

(Revenue Regulations No. 14-2015 dated 9 November 2015)

## ***Guidelines for BIR accreditation of sales machines/receipting software***

The CIR mandates the accreditation of all CRM/POS machines and other sales machines/receipting software at the BIR National Office.

For the taxpayer's guidance, the following policies were issued:

1. Developers, distributors, dealers, supplier-vendors, pseudo-suppliers who intend to sell, distribute, use sales machines or receipting software shall secure accreditation from the BIR before selling, distributing or using the machines.

*Pseudo-suppliers* are defined as taxpayer-users of sales machines and/or sales receipting system software who are either: (i) directly importing CRM/POS or other receipt/invoice-generating business machines; or (ii) developing their own sales receipting system software for their own internal use and/or for distribution to their branches/franchisees. Taxpayer-users and/or resellers of CRM/POS/other sales machines/receipting software acquired online or abroad (off-shelf), for use and/or re-sell in the Philippines shall be treated as pseudo-suppliers.



# ory landscape

2. Taxpayer-users of software acquired/subscribed via Cloud application service provider should also apply for accreditation. For audit purposes, taxpayer-users should allow a provision for storage and back-up with authorized access for BIR Revenue Officers.
3. The National Accreditation Board (NAB) of the BIR National Office shall process all new applications for accreditation. The respective Heads of the NAB shall be responsible for the issuance of the Certificate of Accreditation or Notice of Denial, as applicable.
4. All applicants are required to enroll at the BIR's Electronic Accreditation and Registration (eAccReg) system for purposes of the application. The applicants must submit to the RDO, LTAD, ELTRD, or LTD having jurisdiction over their place of business, a duly signed Sworn Declaration ("Annex A" of the Circular) and the complete set of documentary requirements in RR No. 11-2004 to support their application.
5. Enrollment may be done before or after submission of the Sworn Declaration and requirements. The approval/activation of the applicant's Account Enrollment shall be upon receipt of the said requirements by the concerned RDO, LTAD, ELTRD or LTD. An account enrollment application shall be on a one authorized user per TIN basis, or one authorized user in behalf of multiple branches.
6. The BIR Certificate of Accreditation (COA) is valid for five years from date of issuance. An application for renewal must be filed within 60 days before expiration of the COA.

(Revenue Memorandum Circular No. 68-2015 dated 1 August 2015)

## ***More than one president in a corporation is not allowed***

Existing law<sup>9</sup> provides that every corporation must have a president. The position of a corporate president is reposed with duties and responsibilities which can be further expanded by the company's by-laws. It serves not merely as a title of prestige or status, but serves as a basis for its stockholders and other persons/entities transacting with it to determine whether such person is clothed with authority to perform the duties conferred by law and functions given by the by-laws.

The by-laws must be crafted in such a way that the SEC can determine who the president is, for purposes of compliance. Thus, allowing three officers who would each be called "president" could mislead and create confusion as to who should perform the duties of the position as enumerated by law.

(SEC-OGC Opinion No. 2015-13 dated 3 November 2015)

## ***Nature of service determines foreign equity limitation***

A 100% foreign-owned company, doing business in the Philippines under the Foreign Investment Act, may not engage in the business of ground handling services.

The Tenth Foreign Investment Negative List (FINL-10) limits to a maximum of 40% the foreign equity participation in corporations engaging in the operation and management of public utilities. According to the SEC, the character of the service itself determines whether a particular entity is a public utility, i.e., the business activity must have a public consequence. Airport authorities (e.g., Manila International Airport Authority and NAIA Terminal), as well as port service contractors and port facility operators, although mere contractors of the Philippine Ports Authority, are considered public utilities.

In the same sense, services to facilitate passenger handling and other services related to the movement of passengers, baggage and goods, as well as the care, convenience and security of passengers, visitors and other airport users, which are necessarily part of airport operations, are the business of public utilities. Even if contracted out, the business of ground handling services, which include moving of aircraft and baggage handling, are essential to airport operations and thus considered business activities of public utilities.

(SEC-OGC Opinion No. 15-14 dated 3 November 2015)

## ***Holding companies are subject to the minimum capitalization***

Under the Foreign Investments Act, a domestic market enterprise is an entity that produces goods for sale, or renders service or otherwise engages in any business in the Philippines. Doing business includes participating in the management, supervision or control of any domestic business or entity in the Philippines.

Based from above, holding companies fall under the definition of domestic market enterprises since the act of owning and acquiring interests in other corporations by purchasing their shareholdings is considered “*doing business*”. As such, a holding company, deemed as a domestic market enterprise, is subject to the minimum capitalization requirements and foreign equity limitation under the Foreign Investments Act.<sup>10</sup>

(SEC-OGC Opinion No. 15-15 dated 3 November 2015)

## ***New regulations on treasury activities of BSFIs***

The BSP issued the new regulations to set out its expectations on the treasury activities of BSP supervised financial institutions (BSFIs) which may be a significant source of operational, liquidity and credit risks. With the regulations, the BSP aims to ensure that the activities of BSFIs are undertaken with prudence and integrity, and that these are supported by commensurate risk management systems and internal controls. Specifically, the BSP requires BSFIs to ensure good governance by complying with market conduct rules, adopting a code of conduct binding on the

treasury unit, segregating duties of different functions, engaging regularly and actively the control functions in the oversight of treasury activities, among others.

To promote adherence to the foregoing guidelines, the qualifications for directors and officers have been amended to include integrity/probity, education/training, and possession of competencies relevant to the function such as knowledge and experience, skills and diligence, among others. Furthermore, in assessing a director or officer's integrity and probity, consideration should be given to market reputation, conduct and behaviour, and compliance with company policies, applicable laws and regulations and other requirements from regulatory bodies.

(BSP Circular No. 889 dated 2 November 2015)

## ***Consumer protection rules on sales and marketing of financial products***

Due to the emergence of more sophisticated financial products offered in the market, the BSP issued the expanded guidelines for sales and marketing activities of BSFIs aimed to protect consumers or clients of banks and BSFIs. The guidelines require BSFIs to have appropriate policies, procedures, and controls in place that will ensure the suitability of products being offered to clients.

The regulations now prescribe the minimum information to be obtained from a client during the initial stage of the suitability assessment, the categories for classifying clients according to their financial sophistication and risk tolerance, the products that may be offered to conservative clients, as well as the minimum required product disclosures. The regulations also require BSFIs to regularly review the compensation and incentive programs for their sales personnel and ensure that these do not create conflicts of interest with their clients. Further, the control functions shall ensure compliance of the BSFIs with company policies, relevant laws, and rules and regulations.

(BSP Circular No. 891 dated 9 November 2015)

## ***Enhanced microinsurance regulatory framework***

The framework provides an improved policy and regulatory environment in order to broaden the scope of microinsurance providers and protect the consuming public. It clarifies the functions and responsibilities of different types of microinsurance agents; provides guidelines on transfer of risks among local and foreign insurance entities; and establishes rules on product bundling. Some of the salient points are as follows:

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10 Section 8 of the Foreign Investments Act and Item 6, List B of the FINL-10 which provides that a domestic market enterprise with paid-in equity capital of less than US\$200,000 is partially reserved to Philippine Nationals, i.e. foreign equity participation is limited up to 40% for foreigners. If capitalization is equivalent to or more than US\$200,000, foreign equity limit does not apply.

### *Microinsurance Agents/Brokers*

- Generally, microinsurance agents and brokers are only allowed to do business related to microinsurance products and services unless they are licensed as regular agent/broker. A microinsurance regular agent is a life and/or non-life microinsurance agent representing the interest of the microinsurance providers. It may partner with one life insurance and/or up to seven non-life insurance entities. A microinsurance general agent is licensed to represent the interest of microinsurance providers, and may partner with several life or non-life entities providing microinsurance products and services. On the other hand, a microinsurance broker represents the interests of clients and may partner with several life and non-life insurance entities. A microinsurance broker determines the microinsurance needs of existing or potential clients.

### *Reinsurance*

- A microinsurance provider may cede a portion of the risk that it underwrites to a domestic insurance company, cooperative insurance society or a reinsurance company duly licensed by the IC to do business in the Philippines. Microinsurance risk may also be ceded to a foreign-licensed insurance risk-bearing entity subject to IC regulation.

### *Bundling of Microinsurance Products*

- Product bundling is the integration of two or more microinsurance products or services which are underwritten by two or more insurance providers under one policy contract. Such policy contract and the agreement among the providers involved in the bundling should first be approved by the IC before the bundled product is sold in the market.

(Insurance Circular Letter No. 2015-54 dated 16 October 2015)



### **Glossary**

BSFI - BSP Supervised Financial Institutions  
BSP - Bangko Sentral ng Pilipinas  
FINL - Foreign Investment Negative List  
IC - Insurance Commission

# Meet us

## In a league of our own

The most influential Asia Pacific public-private dialogue, the Asia-Pacific Economic Cooperation (APEC) 2015 CEO Summit, recently concluded in Manila, Philippines. PwC is the exclusive Knowledge Partner of the Summit.



### Highlights



### Strengthening client relations

Our PwC delegation had ample opportunities to enhance relations with key clients at the APEC CEO Summit, through exclusive events and client meetings.



Dennis and a team from PwC met with Peru 2016 APEC CEO Summit Host



Dennis and Raymund meeting with COFCO Chair Frank Ning.



PwC Japan Senior Partner Hiroyuki Suzuki with a Nomura director and board member

### Sharing PwC insights

Global Chairman Dennis Nally unveiled the findings of the 2015 APEC CEO Survey at the Summit's opening plenary. His fellow panellists included Chilean President Michelle Bachelet, Eurasia Group President Ian Bremmer and GE Vice Chair John Rice.

Chairman for PwC in Greater China, Raymund Chao and US Vice Chairman, Rob Gittings presented to the APEC Business Advisory Council (ABAC), an elite group of business leaders.

A PwC private lunch was attended by close to 100 senior executives. The lunchtime discussion focused on "Shaping the future for inclusive growth" and panellists were Frank Ning of COFCO, Jaime Augusto Zobel de Ayala from the Ayala Corporation and Ian Bremmer from the Eurasia Group.



Seated next to President Michelle Bachelet, Dennis unveils a copy of the 2015 APEC CEO Survey.



Raymund on the outcomes of the APEC 2015 CEO Survey and APEC Ministerial-CEO Dialogues.



Robert delivers key findings from PwC's Building Better Cities and 21st Century Global Worker reports.

PwC performed more responsibilities this year, including facilitation of several CEO-ministerial meetings. We produced two other reports aside from the annual CEO Survey. We had more media interviews and global social media campaign.

### Increasing our share of voice



Philippines Chairman and Senior Partner Alex Cabrera and China Government and Regulatory Affairs Leader David Wu launch the APEC 2015 CEO Survey at a press conference.



Robert, Lord Mayor of Melbourne Robert Doyle, and Private Sector Co-Chairman of the Philippines National Competitiveness Council Guillermo Luz answer questions at Building Better Cities press conference.



Dennis in an interview with CCTV. He also joined a TV interview with ABS-CBN News.

### Amplifying our brand



CNN & Bloomberg covered the news at our PwC Knowledge Cafe. Seen here is Richard Quest of CNN.



Survey findings are presented through interactive touch screen monitors.

The PwC Knowledge Cafe showcases the APEC CEO Survey highlights, while providing a venue for delegates to meet over coffee. This year, we served various Philippine coffee beans.

### One PwC

PwC Philippines, the firm located in the APEC host country, welcomed the PwC delegation headed by PwC Global Chairman Dennis Nally. The delegates and staffers who came from China/Hong Kong, US, Russia, Japan, Peru, Australia and the UK experienced Filipino culture and cuisine.



Customized Barong Tagalog and *pañuelo* (shawl) were made for the men and women, respectively.

# Talk to us

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

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## Request for copies of text

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