REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Secs. 27(A) NIRC
BIR Ruling No. 012-11
#193-2016
5-16-2016

RG FINANCIAL SERVICES LIMITED (PHILIPPINES), INC.
Unit 5-F4, 8101 Pearl Plaza Bldg.
Peal Drive, Brgy. San Antonio
Ortigas Center, Pasig City

Attention: **Julieta C. Lagmay**
President & CEO

Gentlemen:

This refers to your letter dated February 17, 2015 requesting, on behalf of RG Financial Services Limited (Philippines), Inc. (RGFS) for approval of the reversion of excess retirement fund contributions, in the amount of Pesos (PhP , made by RGFS to its retirement benefit plan, RG Financial Services Multiemployer Retirement Plan ("RGFS Multiemployer Retirement Plan").

Documents submitted show that RGFS is a domestic corporation organized under the laws of the Philippines and duly registered with the Securities and Exchange Commission (SEC) under SEC Registration No. ., that RGFS is a participating employer/company to the RGFS Multiemployer Retirement Plan which was duly approved by the Bureau of Internal Revenue (BIR) as a reasonable private benefit plan under BIR Ruling No. ERP-003-2012 dated February 8, 2012; that as of December 31, 2014, after conducting an actuarial valuation for funding and financial reporting requirements for RGFS Multiemployer Retirement Plan, it was determined that the estimated past service liability of RGFS is PhP , while the total net assets of the fund is PhP :hat based on said actuarial valuation, RGFS has excess assets over its accrued liability amounting to PhP ; that as of the same date, there is no vested benefit under the Plan (benefit payable assuming all eligible employees will avail of their benefit during the valuation period), since none of the employees is eligible for the Plan benefits as of the valuation date; and that the overfunding of the Plan was a result of the retrenchment program of RGFS which reduced the number of employees covered by the Plan from 20 to 10 employees.

041366

In reply, please be informed that the portion of the fund of the Retirement Plan in excess of the amount actuarially determined to cover the benefits of the employees of RGFS , to the extent of

Pesos (PhP may be reverted back to RGFS without terminating the fund. It must be emphasized, however, that RGFS should declare as income the said PhP and pay the corresponding income tax thereon as prescribed in Section 27 (A) of the Tax Code of 1997, as amended. (*BIR Ruling No. 012-11* dated January 19, 2011)

In addition and as a condition to the reversion to RGFS of its overpaid contribution to the Retirement Plan, the same shall be reverted to the Company only after all liabilities of the Plan has been satisfied pursuant to Section 1, Article X, of the Plan, viz:

> *"Section 1. IRREVOCABILITY. —*
>
> *"The Company shall have no right, or interest in the contributions made by them to the Trust and no part of the Fund shall revert to the Company except after satisfaction of all liabilities of the Plan; however, such contributions as may have been made by the Company as a result of overpayment may revert to the Company."*

This ruling is being issued on the basis of the foregoing facts as represented. However, if upon investigation, it will be disclosed that the facts are different, then this ruling shall be considered null and void.

Very truly yours,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

041366
MAY 13 2016

K-1-JHB