REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

17 MAR 2022

REVENUE MEMORANDUM ORDER NO. 17-2022

SUBJECT : Prescribing the Policies and Procedures in the Issuance of Tax Credit Certificate Arising from Personal Equity Retirement Account (PERA) and Its Utilization using the ePERA System

TO : All Internal Revenue Officials and Employees and Others Concerned

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I. BACKGROUND

To implement the provisions of Republic Act No. 9505, otherwise known as the "Personal Equity and Retirement Account (PERA) Act of 2008", Revenue Regulations (RR) No. 17-2011 was issued. In 2016, Revenue Memorandum Order (RMO) No. 42-2016, as amended, was likewise issued to provide for the guidelines and procedures in the accreditation of PERA Administrators and the processing of applications for the PERA- Tax Credit Certificate (PERA-TCC) as incentives to individuals who made qualified contributions to the PERA.

The Bangko Sentral ng Pilipinas (BSP), as the regulatory agency of the PERA Administrators, operationalized the abovementioned RA provisions and created PERA Contributor's database through an application called "PERASys". This system handles the contributor and account management.

In 2020, BSP helped the Bureau establish a system that will facilitate the receipt of required reports initially submitted through PERASys by PERA Administrators. This is now the **ePERA System**. With the development of the ePERA system, BSP's PERASys was enhanced in such a way that upon registration/enrollment to PERA, a validation facility has been provided thru an application programming interface (API) with ePERA system. Both systems now serve as submission facility for the quarterly/annual report and application for PERA-TCC.

Once the reports submitted by the PERA Administrator were authorized and approved by the BSP for PERA-TCC issuance at the PERASys, the data shall be transferred to the BIR ePERA system, where approval of the reports and the corresponding PERA-TCC shall be handled.

II. OBJECTIVES

This Order is issued to:

1. Provide policies and procedures relative to the processing and issuance of the PERA-TCC using the ePERA system;
   a. To ensure PERA Administrator's compliance to the reportorial requirements
   b. To ensure PERA-TCCs are issued properly and securely
   c. To ensure PERA-TCCs are utilized within limits

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2. Identify the concerned offices in the BIR that shall be responsible for the processing and approval of PERA-TCC; and

3. Prescribe procedures that shall be followed by concerned BIR offices in the monitoring of fully or partially utilized PERA- TCCs.

III. POLICIES

1. The ePERA system shall manage the proper administrative reporting of PERA transactions involving contributions, income, withdrawals and/or terminations using simplified and uniform formats for a coordinated monitoring of tax privileges and incentives granted to qualified PERA contributions under Report Compliance Module.

   The following are the reports to be submitted by the PERA Administrator under the Report Compliance module of the ePERA system:

No.	Name of Report	Due Date of Submission	Format
1	Quarterly Report on PERA Contributions	Not later than the fifteenth (15th) day following the close of every quarter	Annex "A"
2	Quarterly Report on PERA Distributions/ Early Withdrawals/ Terminations	Within sixty (60) days following the end of the quarter of the date of termination or withdrawal	Annex "B"
3	Annual Report on PERA Contributions (cumulative 1st to 4th Quarter)	Within sixty days (60) days from the close of the calendar year	Annex "C"
4	Annual Report on PERA Distributions/Early Withdrawals/ Terminations (cumulative 1st to 4th Quarter)	Within sixty days (60) days from the close of the calendar year	Annex "D"

   The annual reports on PERA Contributions, as well as PERA Distributions/ Early Withdrawals/Terminations shall be the cumulative result of the 1st to 4th quarterly reports submitted.

2. The ePERA system which is connected to the PERASys shall use an application programming interface (API) to facilitate the validation of the TIN of a qualified contributor as reflected in the quarterly reports being submitted by the PERA Administrator.

3. Late submission and non-submission of required reports shall be subjected to penalty imposition. However, payment of penalty shall not exonerate the PERA Administrator from complying with the submission of the required reports.

   The compromise penalties under the existing revenue issuances shall be imposed for each and every case of non-submission or late submission of required reports during a taxable year by PERA Administrator. For this purpose, failure to supply any of the required reports shall constitute a single act of omission.

4. The received application in batch for PERA-TCC using BIR Form 2338 (Annex E) and BIR Form 1942 (Annex F) submitted by the PERA Administrator within sixty

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(60) days from the close of the calendar year through the PERASys, shall be processed by the PERA Processing Office using ePERA System's Tax Credit Application Module and endorsed to the Commissioner or his authorized representative, for approval.

5. Once the batch application for issuance of PERA-TCC is approved, the approved PERA-TCC for the year can now be viewed at the Tax Credit Certificate Module-PERASys and shall be readily available for generation and dissemination to the qualified contributor using the Utilization Request Module- PERASys.

   On the other hand, the approved PERA-TCC for the year shall be viewed at the Alphalist of PERA Contributors of ePERA system for reporting to the top management.

   Upon written request of the PERA Contributor, the PERA-TCC shall either be printed by the PERA Administrator and issued physically to the contributor or to his/her authorized representative using Utilization Request Module – PERASys, or sent in PDF file to the official email of the contributor, for the latter to print. Once it is printed, the PERA-TCC shall be tagged as ISSUED at the PERASys and ePERA system.

   The PERA-TCC can be issued in full or partial amount, depending on the written request of its utilization by the contributor.

   In cases of employers who contribute a share to the account of their qualified employee, only the latter can request for the issuance of PERA-TCC. On the other hand, the employers may obtain from the PERA Administrator the Certificate of Aggregate Amount of Qualified PERA Contribution (BIR Form No. 2338) for their employees with regard to their share on the qualified contributions. The employers may claim as a deduction from gross income their share, but only to the extent of the employer's contribution that would complete the maximum allowable PERA contribution of an employee.

6. The PERA-TCC shall be used for the payment of income tax liabilities of qualified employee and self-employed contributors, while for qualified overseas Filipino contributor, the PERA-TCC can be used in the payment of any internal revenue taxes.

   The PERA-TCC shall be attached to the applicable tax returns and presented to the concerned RDO prior to the filing of return and payment of any corresponding taxes, to be validated at the ePERA system.

   The Collection Section of the concerned RDO shall scan the QR code of the PERA TCC or access the ePERA System to validate the authenticity of the PERA-TCC presented and tag it as CLAIMED in the Utilization Module- ePERA system.

7. In the case of an employee contributor, the PERA-TCC shall be submitted to the employer for the latter to apply the gross amount of the PERA-TCC in the annual year-end adjustments for computing the net withholding tax due of the contributor-employee.

   The submitted PERA-TCC of the employee/s shall be kept by the employer for future audit to be conducted by authorized BIR personnel. Further, the applicable details of the certificate shall be indicated in the column provided for the purpose in the prescribed Annual Alphabetical List of Employees, including the certificate of compensation payment/ tax withheld for compensation payment with or without tax withheld (BIR FORM 2316) of the employee-contributor.

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8. A PERA-TCC shall only be printed once. However, upon written request of the contributor, for meritorious reasons, it can be re-printed and cancelled. Both request for re-printing and cancellation of PERA-TCC shall undergo the same approval process. In the case of approved request for cancellation, the amount of PERA-TCC will revert back to the PERA-TCC balance available for utilization.

9. Each PERA-TCC utilization is automatically deducted from the tax credit balance once the concerned RDO tagged the particular PERA-TCC issued as "CLAIMED".

   A report ledger per PERA-TCC is available for reference in the ePERA system. Each year's balance is stored separately and are not summed up as one tax credit balance.

10. Review and monitoring of remittance of penalties imposed on early withdrawal/ distribution/termination of PERA contributions shall be based on the quarterly reports of PERA Administrators.

11. The following predetermined reports can be generated by authorized BIR personnel using the ePERA System in excel and PDF formats:
    a. Alphalist of PERA Contributors
    b. List of Approved Report Submission
    c. List of Early Withdrawals
    d. List of Rejected Report Submission
    e. Report Ledger for Contribution/Withdrawal
    f. Report on PERA Contributions
    g. Report on PERA Distributions and Early Withdrawals
    h. List of Approved TCC Applications
    i. List of Rejected TCC Applications
    j. PERA Tax Credit Certificate
    k. Report Ledger per Tax Credit Certificate
    l. User Master List

12. A qualified contributor who uses a spurious PERA-TCC shall be liable to pay the amount utilized with 50% penalty for fraud and 12% interest per annum, without prejudice to the filing of appropriate criminal charges.

13. All concerned Information Systems Group (ISG) Offices (i.e., Business Intelligence Division, Data Warehousing and Systems Operations Division, Administrative Systems Division, Network Management and Technical Support Division and Security Management Division) shall provide adequate support to the PERA Processing Office and the concerned RDOs to ensure the proper dissemination of data/information to the concerned offices and for the coordinated monitoring of the tax privileges and incentives granted under the PERA Act.

14. Pursuant to the pertinent provision in the National Internal Revenue Code of 1997, Memorandum of Agreement with Bangko Sentral ng Pilipinas (BSP), Data Privacy Act and other related and applicable laws and regulations, all data pertaining to PERA transactions shall be considered strictly confidential and shall be utilized exclusively for internal revenue tax purposes.

    The heads of the concerned offices shall be responsible for all PERA data furnished/disseminated to their respective offices and the same shall not be divulged to any unauthorized personnel within and outside the Bureau.

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Any unauthorized disclosure by any revenue personnel shall be a ground for the imposition of administrative sanctions and filing of appropriate charges against the erring official or employee. Any information that will not require disclosure of the name of the Contributor is excluded from the prohibition, for regulatory purposes.

15. The attached User's Manual (Annex 'G") shall be used as reference of concerned BIR personnel/identified users who shall be given access to the said system.

IV. PROCEDURES

A. Office of the Assistant Commissioner, Assessment Service

1. Approve or reject processed application for the issuance of PERA-TCC through the Tax Credit- Application module of the ePERA system; and

2. Approve or reject processed request for the re-printing or cancellation of the PERA-TCC through the Tax Credits module of the ePERA system.

B. Audit Information Tax Exemption and Incentives Division (AITEID)

1. Approve or reject the reports submitted by the PERA Administrators within ten (10) days from date of submission;

2. Issue penalty notice to the concerned PERA Administrators in case of late or non-submission of reports as prompted by the ePERA system;

3. Process the application for PERA- TCC and request for cancellation or reprinting of PERA-TCC due to meritorious reason, as the case may be, submitted by the PERA Administrators.

4. Prepare endorsement of PERA-TCC or reprinted PERA-TCC for approval of the PERA-TCC Approver authorized by the Commissioner pursuant to a Revenue Delegation of Authority Order (RDAO);

5. Review the early withdrawal penalties computed by the PERA Administrators and deducted from the PERA withdrawn by the contributors. In case of erroneous computation, inform the PERA Administrators and the office which has jurisdiction over the PERA Administrator. However, if there is no error in the computation of penalties deducted from the contributor's PERA, validate from the said office if the penalties reflected in the report has been remitted by the PERA administrator;

6. Monitor on a quarterly basis all early withdrawal penalties deducted and inform the concerned Revenue District Office/ Large Taxpayer Regular Audit Division where the PERA Administrator is registered for their validation/verification if the same amounts deducted as penalties were remitted; and

7. Submit report of the List of PERA-TCC Applications approved every year to the top management on or before June 30 of the current year.

C. Concerned Revenue District Office/ Large Taxpayer Regular Audit Division where the PERA Administrator is registered

1. Receive from AITEID the amount of penalties deducted from the contributors based on the submitted report;

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2. Validate the payment on the settlement of the tax and penalties of the early withdrawal that does not fall within the circumstances enumerated under PERA Rule 14 of the Rules and Regulations Implementing the PERA Act of 2008 forwarded by AITEID; and

3. Provide feedback on the validation to the AITEID within ten (10) days from receipt.

D. Concerned Revenue District Office where the contributor is registered or where applicable return is filed by the qualified contributor

1. Collate the tax returns and attachments filed by the qualified contributors under their jurisdiction;

2. Scan the QR code or access the ePERA System to validate the authenticity of the PERA- TCC;

3. Click the "CLAIM" button for the utilized PERA-TCC at the Utilization Details Screen- ePERA System, to effect the status of PERA TCC as "CLAIMED" and

4. Send written notice to the qualified contributors for the collection of the tax deficiency and penalties, if any, by reason of wrongful computation of taxes or by reason of the use of spurious PERA-TCC.

E. Collection Service

1. Issue the specific policies and guidelines on the utilization of the PERA TCC by the contributor classified as employee and the manner of its reporting by the employer in the Annual Alphabetical List of Employees/Payees from Whom Taxes Were Withheld -*Alphalist* (BIR Form No. 1604C) including the Certificate of Compensation Payment/Tax Withheld for Compensation Payment With or Without Tax Withheld (BIR Form No. 2316) and

2. Monitor the utilization of the PERA TCC of the qualified self-employed and overseas Filipino contributors, who have deducted the amounts of PERA TCCs in their tax returns, tagged as "CLAIMED" by the concerned RDO.

F. Information Systems Group

The Business Intelligence Division shall:

1. Maintain the application modules of ePERA and resolve any issues raised by the PERA Administrator and BIR users

2. Monitor and maintain data regarding PERA stored in the database;

3. Monitor and maintain the TIN Verification API

The Data Warehousing and Systems Operations Division shall:

1. Prepare Adhoc Report for the use of Top Management by extracting from Bureau's database relevant to the PERA-TCC utilization:

   a) Deductions from the employees' income tax due based on the Alphalists submitted by employer and

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b) Tax returns (e.g Form No(s). 1700, 1701, 1706, 2000 etc.) which show 5% PERA-TCC availment under "Other Tax Credits/Payments (specify)" located immediately after the line item stating "Tax Due"; and

2. Maintain the ePERA system (i.e., user management, add/ update organization codes, system schedules, tax types and system parameters) that will automatically extract the reports submitted by PERA Administrators through BSP PERASys and

The Network Management and Technical Support Division and Security Management Division) shall:

1. Set up and configure connectivity between BSP and BIR for the PERASys and ePERA system;

2. Provide the necessary support to the PERA Processing Office and other concerned offices relative to the connectivity of ePERA System and

3. Coordinate with other offices under the ISG that shall help in the provision of the necessary support as required under the preceding item.

V. REPEALING CLAUSE

The pertinent provisions of RMO No. 42-2016, RMO 28-2017, RMO 11-2020 and all other revenue issuances and/or portions thereof that are inconsistent herewith are hereby repealed, amended or modified accordingly.

VI. EFFECTIVITY

This Order shall take effect immediately.

CAESAR R. DULAY
Commissioner of Internal Revenue

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