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FIRB Advisory No. 006-2024: Interim guidelines on the submission of employment and compensation data in the ABR



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Interim guidelines on the submission of employment and compensation data in the ABR

Section 305 of the National Internal Revenue Code of 1997, as amended (Tax Code), provides that all registered business enterprises (RBEs) entitled to tax incentives shall submit their Annual Tax Incentives Report (ATIR) and Annual Benefits Report (ABR) to their respective Investment Promotion Agencies (IPAs) within thirty (30) calendar days from the statutory deadline for filing tax returns and payment of taxes.

The employment and compensation data in the ABR should be reported on a calendar year basis. However, some RBEs that operate on a fiscal year accounting period may not have their employment and compensation data available by the submission deadline for the ATIR and ABR. Hence, these RBEs may tentatively report their most recent available employment and compensation data, based on the following, as far as practicable:

- The period covering the **start and end of the RBE's fiscal year** (e.g., April 2023 to March 2024); or

- The period covering the calendar year from **January 2023 to December 2023**.

The mode of submission for the ABR will be in accordance with the Fiscal Incentives Review Board (FIRB) Memorandum Circular No. 001-2024.

The following are the interim guidelines on the interim submission of employment and compensation data in the ABR, which are in place while awaiting the deployment of the enhanced Fiscal Incentives Registration and Monitoring System (FIRMS).

Q1. What is the prescribed deadline for the ABR?

All RBEs entitled to tax incentives shall submit their ATIR and ABR to their respective IPAs within thirty (30) calendar days from the statutory deadline for filing tax returns and payment of taxes.

Q2. What is the coverage period for the employment and compensation data that needs to be reported by the RBEs?

The ABR must include employment and compensation data for RBEs for the relevant calendar year.

Q3. For RBEs whose employment and compensation data are not yet available by the time the ABR is due, what period of the ABR will they submit?

RBEs shall tentatively report their latest available employment and compensation data, which may be based on either:

- The period covering the start and end of the RBEs' fiscal year (e.g., April 2023 to March 2024); or
- The period covering the calendar year from January 2023 to December 2023.

Q4. Will RBEs be required to continue submitting their employment and compensation data using this process in the succeeding years?

No. This process will only apply to the ABR covering the taxable year 2024 for the time being, while the FIRMS is being enhanced. A separate advisory will be released once the system enhancements are implemented.

Q5. Will RBEs be given the opportunity to adjust their employee data if it does not accurately reflect the correct data for the reporting period?

Yes. By the first quarter of 2025, the FIRMS will prompt RBEs to update their reported employment and compensation data to ensure it reflects the full calendar year from January 2024 to December 2024.

Q6. Will RBEs that have already submitted their ABR for the taxable year 2024 and are not compliant with the interim guidelines be required to amend and resubmit their previously submitted ABR?

No. RBEs that have already submitted their ABR before the issuance of this advisory and are not compliant with the interim guidelines are not required to amend or resubmit their ABR data to comply with the guidelines. Amendments will be made in the first quarter of 2025, reflecting the full calendar year 2024.

Q7. How will IPAs determine the ATIR and ABR compliance for the taxable year 2024?

IPAs will acknowledge the initial submission date of a complete and accurate ATIR and ABR for compliance timeline purposes. This is contingent upon RBEs submitting their updated employment and compensation data in the ABR by the first quarter of 2025, ensuring it accurately reflects the calendar year 2024.

Submission of incomplete and inaccurate ATIR and ABR within the prescribed deadline may still be considered noncompliance subject to penalties under Section 308 of the Tax Code. This may also serve as a ground for the cancellation, suspension, or withdrawal of incentives.

Please see attached FIRB Advisory No. 006-2024 dated 7 October 2024 for your reference.

Get in touch

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