

Tax in a dot

SEC MC 13, series of 2024: Implementation of an Enhanced Compliance Incentive Plan



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TAX 2024-31

Implementation of an Enhanced Compliance Incentive Plan

In line with the responsibility of corporations and registered partnerships to submit reportorial requirements on time, pursuant to Section 177 of Republic Act (RA) No. 11232, also known as the "Revised Corporation Code of the Philippines," the Securities and Exchange Commission (SEC) has adopted an Enhanced Compliance Incentive Plan (ECIP) with the following guidelines:

Covered violations

The ECIP shall cover unassessed and/or uncollected fines and penalties for the following violations by corporations, including branch offices, representative offices, regional headquarters, and regional operating headquarters of foreign corporations:

- a. Non-filing of General Information Sheet (GIS) for the latest and prior years;
- b. Late filing of GIS for the latest and prior years;

- c. Non-filing of Financial Statements (FS), whether audited or certified, including fines for its attachments, e.g., Certificate of Existence of Program/Activity (COEP) and Non-Stock and Non-Profit Organization (NSPO) Forms, for the latest and prior years; and
- d. Late filing of FS, including fines for its attachments, for the latest and prior years.

The ECIP shall also cover violations under Memorandum Circular No. 28, series of 2020, or the “Requirement for Corporations, Partnerships, Associations, and Individuals to Create and/or Designate E-mail Account Address and Cellphone Number for Transactions with the Commission.”

ECIP rates

- e. Non-compliant corporations, including delinquent corporations, are subject to a Php20,000 ECIP fee for late and/or non-filing of GIS and/or FS and non-compliance with MC 28. However, the applicant corporation or entity shall: (i) submit the latest reportorial requirement due at the time of application; and (ii) comply with MC 28 through the MC28 Submission Portal.
- f. For suspended and revoked corporations, including those that have filed for the lifting of suspension/revocation, shall be subject to a Php3,060 petition fee and 50% of the assessed fines for the late and/or non-filing of GIS and/or FS and non-compliance with MC 28.

The ECIP fee only corresponds to the violation on timeliness, and penalties for erroneous entries/content in reportorial documents will be dealt separately. Further, payment of the ECIP fee does not automatically lift the suspension and revocation, as subject corporations are still required to file a petition to lift the order of suspension/revocation, along with other supporting documents listed in the MC.

Filing of application and supporting documents

The applicant-entity shall file a web-based Expression of Interest Form (EOI) and Application for Availment of ECIP via the Electronic Filing and Submission Tool (eFAST) and upload the following requirements for domestic corporations (ordinary stock and non-stock) and foreign corporations (branch offices, representative offices, regional area headquarters, and regional operating headquarters):

- a. Latest due FS and its attachments;
- b. Latest due amended FS, if any;
- c. Latest due GIS; and
- d. Latest due amended GIS, if any.

The circular also provides the application and payment procedures, along with the documentary requirements, for non-compliant, delinquent, revoked, and suspended corporations.

Issuance of confirmation of payment

Corporations that have fully complied with this MC shall be issued a Confirmation of Payment for ECIP. This shall not exempt the corporation from filing its subsequent mandatory reportorial requirements in a timely manner.

Exceptions

The following entities are excluded from the coverage of the ECIP:

- a. Corporations whose securities are listed on the Philippine Stock Exchange (PSE);
- b. Corporations whose securities are registered but not listed on the PSE;
- c. Corporations considered as public companies;
- d. Corporations with intra-corporate dispute;
- e. Corporations with disputed GIS;
- f. Corporations with an expired corporate term; and
- g. Other corporations covered under Section 17.2 of RA 8799 or the "Securities Regulation Code."

Forfeiture of ECIP fees

Should an applicant-corporation fail to submit the complete set of requirements, the ECIP fee of Php20,000 for non-compliant and delinquent corporations, and 50% of the total assessed penalties for suspended/revoked corporations, as well as the initial petition fee of Php3,060 applicable to suspended/revoked corporations, shall be forfeited.

Refund of overpayment

Refund of the ECIP fees for non-compliant corporations shall not be accommodated, except in highly meritorious cases.

Period

Applications for ECIP shall be accepted starting from **22 September 2024 to 30 November 2024**.

Please see attached SEC MC 13, series of 2024, for your reference.

Get in touch

Should you have any comments or questions arising from this newsletter, please contact our Tax Partners:



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