

**REVENUE REGULATIONS NO. 29-2020** issued on October 15, 2020 implements the provisions of Republic Act No. 11494 (Bayanihan to Recover as One Act) relative to the tax exemption of certain income payments.

The following income payments shall be excluded from gross income and shall not be subject to Income Tax:

- a. Retirement benefits received by officials and employees of private firms, whether individual or corporate, from June 5, 2020 to December 31, 2020, provided that the amount received is in accordance with a retirement plan duly-registered with the BIR. Provided further, that any re-employment of such official or employee in the same firm and its related parties as discussed under Section 4 of Revenue Regulations (RR) No. 19-2020, within the succeeding twelve (12)-month period shall be considered as proof of non-retirement. Note, however, that the abovementioned conditions do not cover the retirement benefits of employees under Section 2.78.1(B)(1) of RR No. 02-98, as amended.

If the re-employment happens within calendar year 2020, the employer shall include the said retirement benefits in the gross income of the concerned official or employee for 2020. However, if the re-employment will occur in 2021 and within the twelve-month period, the concerned employee shall pay the taxes due on the retirement benefits received within thirty (30) days from date of re-employment, or on the due date for the payment of the second installment payment of 2020 Income Tax, whichever comes later, without penalties.

- b. COVID-19 Special Risk Allowance given to public and private health workers under the definition and conditions set forth in the Regulations.
- c. Actual Hazard Duty Pay given to Human Resources for Health (HRH) under the definition and conditions set forth in Section 2(B) and (D) of the Regulations.
- d. Compensation paid to private and public health workers who have contracted COVID-19 in the line of duty or dies while fighting COVID 19, amounting to:
  - One Million Pesos (₱ 1,000,000.00) in case of death; or
  - One Hundred Thousand Pesos (₱ 100,000.00) in case of severe or critical sickness; or
  - Fifteen Thousand Pesos (₱ 15,000.00) in case of mild or moderate sickness.

Provided that, such amount is given or to be given from February 1, 2020 and during state of national emergency due to COVID-19 as declared by the President; Provided further, that the compensation provided herein shall be given to the beneficiaries not later than three (3) months after the date of confinement or death; Provided finally, that the required supporting documents are submitted.

For compensation in case of death, the said amount shall not also be included as part of the gross estate of the decedent subject to Estate Tax.

The abovementioned income payments shall be included in the Alphabetical List of Employees/Payees being submitted annually by employers pursuant to existing regulations. In addition, a one-time list of recipients shall be provided not later than January 15, 2021 to the Revenue District Office/concerned Office under the Large Taxpayers Service having jurisdiction over the employer/implementing government agency. Such list must indicate the names of the recipient with corresponding Taxpayer Identification Number (TIN), the nature of income or compensation paid, the amount and date of payment and attested to by the authorized official of the employer/implementing agency. Concerned employers shall also submit quarterly list of employees who received retirement benefits but are re-employed during the twelve-month period. The said list shall be submitted within thirty (30) days from the close of all quarters in 2021 only.

In the event that taxes were withheld from the retirement benefits under Section 3 (A) of the Regulations by private employers, whether individual or corporate, the same shall be refunded to the concerned employees.

Concerned employers of the public or private health workers and HRHs shall likewise refund the Income Tax withheld from the said income payments after the year-end adjustment by the employer, for purposes of determining the taxable compensation and the corresponding tax due of the employees. The said adjustment will determine which employee has been withheld with more or less than the tax due. If the adjustment resulted to excess tax remittance, such excess shall be deducted or applied as deduction in the succeeding Withholding Tax remittance.