

Frequently Asked Questions (FAQ) on the Tax Credit for Personal Equity and Retirement Account (PERA) Contributions

Republic Act (R.A.) No. 9505,¹ otherwise known as the *PERA Act of 2008*, establishes the legal and regulatory framework for voluntary personal retirement plans. Pursuant to Section 8 of the PERA Act, PERA contributors shall be entitled to a tax credit equivalent to five percent (5%) of the total qualified PERA contributions made in a year. This FAQ serves as a guide for Contributors and employers of Contributors on the tax credit features of PERA and its implementation.

1. How much is the tax credit on PERA contributions?²

A Contributor shall be entitled to a five percent (5%) tax credit based on the total amount contributed to his/her PERA in a given year.³

- a. For an employee or self-employed Contributor, the maximum tax credit per year is PHP10,000 since the employee/self-employed individual can contribute up to a maximum of PHP200,000 per year.
- b. For an Overseas Filipino (OF), the maximum tax credit per year is PHP20,000 since an OF can contribute up to a maximum of PHP400,000 per year.

2. What document shall be issued to the PERA contributor as evidence of the tax credit benefit?

The tax credit on PERA is evidenced by a document issued by the Bureau of Internal Revenue (BIR) called the **PERA Tax Credit Certificate (PERA TCC)** or **BIR Form No. 2337**.⁴ Kindly refer to the Annex for a sample PERA TCC.

3. What is the process for the application and issuance of tax credit certificate?⁵

The application for the issuance of TCC shall be filed by the PERA Administrator to the BIR, on behalf of all Contributors who contributed to their PERA during the reference year. The application shall be filed by the PERA Administrator to the BIR within sixty (60) days from the end of each calendar year. Once approved by the BIR, the PERA TCC shall be readily accessible in the PERASys by the PERA Administrator for distribution to the Contributors.

Contributor who wishes to utilize his/her PERA TCC shall request, in writing, for the issuance of the PERA TCC from his/her PERA Administrator. In case of employers who/which contributed a share to the account of their qualified employees, it will also be the employee who will request, in writing, for the issuance of the PERA TCC from the PERA Administrator.

¹ Republic Act No. 9505 or *An Act Establishing a Provident Personal Savings Plan, known as the Personal Equity and Retirement Account otherwise known as the PERA Act of 2008*

² Please refer to Section 7 of Bureau of Internal Revenue (BIR) Revenue Regulations (RR) No. 17-2011 dated 27 October 2011 for details.

³ The maximum annual PERA contributions are provided under Section 6 of BIR RR No. 17-2011 dated 27 October 2011, as amended by BIR RR No. 7-2023 dated 30 June 2023, for details.

⁴ Annex E of BIR RR No. 2-2022 dated 4 April 2022

⁵ Please refer to Section 3 of BIR RR No. 2-2022 dated 4 April 2022 and Item A2 of Revenue Memorandum Circular (RMC) No. 139-2020 dated 18 December 2020 for details.

The printed copy of the BIR-issued PERA TCC shall then be released by the PERA Administrator to the Contributor or his/her authorized representatives. Alternatively, a portable document format (pdf) copy of the BIR-issued PERA TCC may be sent by the PERA Administrator to the Contributor's registered e-mail address, for the latter to print. Please note that an eTCC that has been released to a Contributor shall be considered as issued.

4. Where does a Contributor submit the PERA TCC for utilization?⁶

- a. *If the Contributor is an employee*, he/she shall provide his/her employer a copy of the PERA TCC through the employer's human resources unit. The employer shall then reflect the amount of tax credit indicated in the PERA TCC in the annual year-end adjustments for computing the net withholding income tax due of an employee. The employer shall keep the copies of availed PERA TCCs and submit the same to the BIR for inspection or verification upon the latter's request.
- b. *If the Contributor is self-employed*, he/she shall file his/her income tax return together with the PERA TCC and other prescribed attachments with the appropriate Revenue District Office (RDO) of the Contributor.
- c. *If the Contributor is an OF*, he/she shall file the applicable tax returns together with the PERA TCC and other prescribed attachments with the appropriate RDO.

The filing of applicable tax returns, PERA TCCs and other prescribed attachments shall be in accordance with the BIR's existing revenue guidelines and procedures. In all cases, the utilization of tax credits arising from PERA contributions shall be specified as **"5% PERA TCC"** on the appropriate line item of the relevant BIR form depending on the Contributor's source of income, as follows:

Contributor's Source of Income	Type of Internal Revenue Tax	BIR Form No.	Description of BIR Form
Income derived purely from business/profession or both from employment and practice of profession/business	Quarterly Income Tax	1701Q	Quarterly Income Tax Return for Individuals, Estate and Trusts
	Annual Income Tax	1701	Annual Income Tax Return (AITR) for Individuals, Estates and, Trusts
Income derived purely from employee's compensation	Income tax withheld by employer	<ul style="list-style-type: none"> Not applicable – If the employee availed of and qualified for substituted filing of AITR 1700 – If not qualified for substituted filing 	
Income derived purely from abroad by an Overseas Filipino	Any national Internal revenue tax liabilities except taxes withheld by them as withholding agents	The applicable BIR form can be requested from the nearest BIR office or downloaded from the BIR website at www.bir.gov.ph	

In case of a change in the Contributor's source of income during the taxable year, the applicable BIR Form shall be, as follows:

⁶ Please refer to Section 4 of BIR RR No. 2-2022 dated 4 April 2022 and Items A1 to A7 of RMC No. 139-2020 dated 18 December 2020 for details.

Status/Classification of Qualified Contributor	Kind of Internal Revenue Tax	BIR Form No.	Description of BIR Form
Employee to Mixed income earner (i.e., an employee with business/profession)	Quarterly Income Tax	1701Q	Quarterly Income Tax Return for Individuals, Estate and Trusts
	Annual Income Tax	1701	Annual Income Tax Return for Individuals (including MIXED Income Earner), Estates and Trusts
Overseas Filipino to Self-employed (with business/profession in the Philippines)	Quarterly Income Tax	1701Q	Quarterly Income Tax Return for Individuals, Estate and Trusts
	Annual Income Tax	1701A	Annual Income Tax Return for Individuals Earning Income PURELY from Business/ Profession

5. What are the tax liabilities that can be paid for using the tax credits from PERA?⁷

- a. *For an employee*, the tax credit may be used for payment of his/her income tax liability. An employee cannot use the tax credit to offset any other type of taxes.
- b. *For a self-employed individual*, the tax credit may be used for payment of his/her income tax liability. A self-employed Contributor cannot use the tax credit to offset any other type of taxes.
- c. *For an OF*, the tax credit may be used for payment of any internal revenue tax payable to the national government under the National Internal Revenue Code of 1997, as amended. The tax credits may be used as payment for delinquent accounts. However, the OF cannot use his/her tax credit to offset his/her i) withholding tax liabilities as a withholding agent, nor ii) any municipality or local government taxes.

6. Does a Contributor need to request for a PERA TCC every year from the PERA Administrator?

No. A Contributor may opt to accumulate his/her PERA TCCs and make a one-time request with his/her PERA Administrator. Nevertheless, one PERA TCC shall be issued for each year that a PERA contribution was made.

7. What will happen to the TCC issued and released to a Contributor in case of withdrawal prior to the allowable period?

PERA TCCs that have been released to Contributors shall be considered as have been availed/utilized by the Contributor and shall form part of the early withdrawal penalties, unless proven otherwise by the Contributor.

An approved and issued TCC that has not been utilized will be excluded from the early penalties due from the Contributor. To avail of the exclusion, the Contributor must

⁷ Please refer to Section 7 of BIR RR No. 17-2011 dated 27 October 2011 and Section 4 of BIR RR No. 2-2022 dated 4 April 2022 for details.

surrender the original PERA TCC to the PERA Administrator to facilitate validation by the PERA Administrator of the non-utilization with the BIR and for the cancellation of the PERA TCC in the PERA system.

8. Does the PERA TCC expire?⁸

Yes, a PERA TCC that has been issued to the Contributor and remains unutilized after five (5) years from the date of issuance shall be considered expired and invalid. The expired PERA TCC shall not be allowed as payment for internal revenue tax liabilities of the Contributor. The amount indicated in the expired PERA TCC shall be automatically cancelled in the ePERA System.

Nevertheless, if a PERA TCC has not been issued, the tax credit benefit for PERA contributions remains valid, irrespective of whether the contributions were made more than 5 years ago.

9. Can a Contributor partially use his/her PERA TCC?⁹

Yes. A Contributor may opt to use only a portion of the tax credit indicated in the PERA TCC. A Contributor may request for cancellation of the previously issued TCC from his/her PERA Administrator and request for a partial issuance equivalent to the amount of tax credit to be utilized. The serial number of the PERA TCC to be printed shall have a suffix after the original generated serial number.

Each PERA TCC (reflecting either full or partial amount) shall only be used once by the PERA Contributor. Otherwise, any remaining balance/unutilized amount in a PERA TCC shall be forfeited in favor of the government.

10. Can a Contributor refund the tax credit?¹⁰

No. Tax credits indicated in PERA TCCs are non-refundable. These are likewise non-convertible to cash and non-transferable to any individual.

11. Can an unutilized PERA TCC be re-printed in case of loss or damage?

The PERA TCC may be re-printed by the PERA Administrator, or by the Contributor if the PERA TCC was released to him/her in pdf. However, a Contributor shall use the PERA TCC only once as provided in item #9. Please note that any erasure made on the PERA TCC shall render the same as null and void.¹¹

12. How much can an employer contribute to the PERA of its employees? What benefit will the employer receive from contributing to a PERA?¹²

⁸ Please refer to Section 4 of BIR RR No. 2-2022 dated 4 April 2022, as amended by BIR RR No. 7-2023 dated 30 June 2023 for details.

⁹ Please refer to Section 3 of BIR RR No. 2-2022 dated 4 April 2022 and RMC No. 139-2020 dated 18 December 2020 for details.

¹⁰ Please refer to Section 8 of BIR RR No. 17-2011 dated 27 October 2011 and Item III(6) of BIR RMO No. 42-2016 dated 21 July 2016 for details.

¹¹ As indicated in Annex E of BIR RR No. 2-2022 dated 4 April 2022

¹² Please refer to Section 7 of BIR RR No. 17-2011 dated 27 October 2011 and Item A8 of BIR RMC No. 139-2020 dated 18 December 2020 for details.

A private employer may, as part of its compensation package for employees, opt to contribute to the PERA of its employees up to the maximum allowable contribution for an employee (Item "1.a" above).

The actual amount of employer's contribution to the PERA of its employees may be reflected in the employer's income tax return as a deductible expense from its gross income. For uniformity, the phrase "Share in Qualified Employee's PERA Contribution" shall be used as the account name.

An illustration is provided below:

	Amount Contributed to the PERA of an Employee	Eligible for Tax Deduction from Employer's Gross Income	Amount to be Deducted from Employer's Gross Income
Employer-Share	100,000	Yes	100,000

On the other hand, government agencies, as employers, are not eligible to avail of the tax incentives provided under the PERA Act.

13. Will the Contributor receive tax credit from the contributions made by his/her employer?¹³

Yes. The total contributions to the PERA of the employee (consisting of employee's and employer's share) shall be entitled to a five percent (5%) tax credit; provided that, the total of employer-share and employee-share shall not exceed the maximum annual PERA contribution for an employee. Furthermore, the amount contributed by the employer shall be exempted from withholding taxes on compensation and fringe benefits of an employee.

An illustration is provided below.

	Amount Contributed to the PERA of an Employee	Entitled to 5% tax credit?	Amount of Tax Credit in favor of the Employee
Employer-Share	150,000	Yes	7,500
Employee-Share	50,000	Yes	2,500
Total	200,000		10,000

¹³ Please refer to Section 7 of BIR RR No. 17-2011 dated 27 October 2011 for details.



Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

ORIGINAL

BIR Form No.

2337

December 2020

PERSONAL EQUITY AND RETIREMENT ACCOUNT (PERA) TAX CREDIT CERTIFICATE (TCC)

This PERA-TCC is hereby issued to:

Name of Taxpayer: _____

Taxpayer Identification Number (TIN): _____

Address: _____

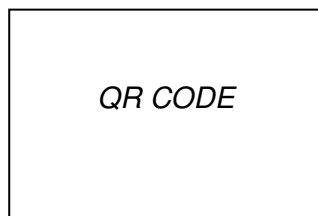
This entitles the abovementioned taxpayer to a tax credit in the amount of _____ (₱ _____) representing five percent (5%) of his/her PERA contributions made for the calendar year _____, which can be allowed to be credited against:

- ☐ Income tax liability only, for the taxable year _____
- ☐ Any national internal revenue tax liabilities excluding contributor's withholding tax liabilities as withholding agent (for Overseas Filipino Workers)

pursuant to Section 7(A) of Revenue Regulations (RR) No. 17-2011.

Issued this _____ day of _____, 20____.

By:



AUTHORIZED BIR OFFICIAL
Signature over Printed Name)

IMPORTANT INSTRUCTIONS:

1. The tax credit arising from PERA contributions is not refundable or transferable.
2. Any erasure made on this TCC shall render it null and void.
3. For employee, submit original copy to the employer and have a photocopy received by the employer.
4. For self-employed/overseas Filipino, this shall be attached to the Tax Return to be filed or submitted to the concerned RDO if the tax return was filed electronically and have a photocopy received by the RDO.