

Tax Planning Tips and Reminders for 2017



The start of a new year is the perfect time to review your company's tax compliance and be reminded of the volume of submittals to various government agencies.

With the upcoming revision of the Tax Code due to talks of tax reform and legislation, the tax professionals must have a new and improved outlook to ensure, not only one hundred percent compliance, but also to minimize or even eliminate the risks associated with poor tax planning.

Here are some tips and reminders that may assist every business to start right the new year.

- **Create a Tax Calendar** - with the various submittals and due dates, it is somewhat easy to overlook things that might lead to tax exposures. A tax calendar, tailored for the nature and line of industry of the company, is one of the simple yet effective means to monitor tax deadlines. Be specific on tax submittals by indicating if the report requires a summary (alpha list) and / or validation report. It also aids in the proper budgeting or funding of tax liabilities especially if the amounts are material like income tax and real property tax.
- **Be Updated** - Seminars and trainings are not the only way which you can gain new knowledge and be updated on new rules and regulations. We are now in the information age and at the tip of your fingertips is access to information related to tax compliance. All the latest regulations, memoranda and circulars are posted in the web site of BIR, SEC, PEZA and other government agencies. Give time to visit these sites to check if there are new regulations that are relevant to the company.
- **Automation is the Key** - Accounting processes involve repetitive and clerical tasks. Carefully study the process flow of these various practices and come-up with the automation plan to reduce or eliminate manual processes. Automation also resolves human related issues and provides consistency on processing transactions. Since automation project may require time and resources, the company may also consider drafting templates thru macro-program in excel as an alternative.
- **Observe Cost Behavior** - Review the costs being incurred by the company. Are we expecting if these costs consistently behave the same way? If the answer is yes, you can plan if the company should use the itemized deduction or the optional standard deduction for the determination of taxable income the year 2017. For PEZA registered entities and other enterprises covered by the Gross Income Tax regime, you should review if there are operating expenses that can be treated as part of costs of goods sold to reduce the income tax base or if there are costs of goods sold items that should be treated as operating expenses to lessen the risks of BIR assessment arising from the disallowance of deductions.
- **Regularly Update Master file** - Ensure that any changes in the organizational structure and nature of business of your suppliers are documented and updated in the company's master file. Always require VAT zero-rated certification or exemption certification before subjecting these to the preferential VAT treatment from. Require your regular suppliers to submit every year a copy of their latest business permit to ensure that your company is transacting only with legitimate and genuine enterprises.
- **Avail of Tax Compliance services** - Consult your auditor if they are offering services of verification of tax compliance.. Although the external audit includes test and review of tax liabilities, a tax compliance audit, being more in-depth and focused on tax matters, may uncover possible tax exposures or issues that may not be detected by a regular financial statements audit.
- **What's Ahead** - Part of tax planning exercise is to foresee the future and prepare for what is coming in terms of tax compliance.. Be vigilant and know what are the tax bills in the Congress and check if what are the possible impact of these pending bills to the organization.
- **Unite with Fellow Professionals** - You might be good on your own but you can be better if you collaborate with other tax professionals and fellow accountants. Join and be active with such organizations as the Philippine Institute of Certified Public Accountants and the Association of Certified Public Accountants in Commerce and Industry .. Establishing linkages with the members of these organizations can be a gateway for the adoption of best practices thru benchmarking or sharing professional experiences.

Tax is the lifeblood of the state and we, as tax professionals have the duty to protect the interest of our business thru adherence to statutory. . Happy tax planning to all; and have a bright and fruitful future ahead of us!

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This column accepts contributions from accountants, especially articles that are of interest to the accountancy profession, in particular, and to the business community, in general. These can be e-mailed to boa.secretariat@gmail.com