



National Office Building  
Quezon City



REVENUE REGULATIONS NO. 015-2025

**SUBJECT: Revised Private Retirement Benefit Plan Regulations**

**TO : All Internal Revenue Officials, Employees and Others Concerned**

**SECTION 1. Background** – The National Internal Revenue Code of 1997, as amended (“**Tax Code**”) and Republic Act (“**RA**”) No. 4917,<sup>1</sup> as implemented by Revenue Regulations (“**RR**”) No. 1-1968,<sup>2</sup> as amended by RR No. 1-1983,<sup>3</sup> and RR No. 11-2001,<sup>4</sup> and clarified by Revenue Memorandum Circular (“**RMC**”) No. 10-1983,<sup>5</sup> prescribes the terms and conditions under which a qualified employee private retirement benefit plan may avail of the tax exemption privileges.

**SECTION 2. Scope.** – Pursuant to the provisions of Sections 244 and 245 of the Tax Code, these Regulations are hereby promulgated to revise policies and guidelines on the taxability of retirement benefits received by employees under a reasonable private retirement benefit plan. These Regulations shall be known as the “*Revised Private Retirement Benefit Plan Regulations*.”

For purposes of these Regulations, the term “reasonable private retirement benefit plan” means a plan maintained by an employer for the benefit of some or all of its officials or employees, wherein contributions are made by such employer for the officials or employees, or both, for the purpose of distributing to such officials and employees the earnings and principal of the fund thus accumulated, and wherein it is provided in said plan that at no time shall any part of the corpus or income of the fund be used for, or be diverted to, any purpose other than for the exclusive benefit of the said officials and employees.

<sup>1</sup> Act Providing that Retirement Benefits of Employees of Private Firms shall not be subject to Attachment, Levy, Execution, or any Tax whatsoever, June 17, 1967.

<sup>2</sup> Private Retirement Benefit Plan Regulations, March 25, 1968.

<sup>3</sup> Amendments to Revenue Regulations No. 1-68 or the Private Retirement Benefit Plan Regulations, October 28, 1982.

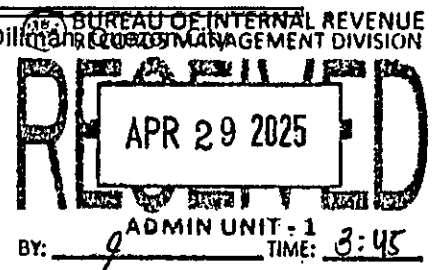
<sup>4</sup> Amendments to Revenue Regulations No. 1-68, as Amended by Revenue Regulations No. 1-83, Otherwise Known as the PRIVATE RETIREMENT BENEFIT PLAN REGULATIONS, September 3, 2001.

<sup>5</sup> Clarification on the Amendments by Revenue Regulations No. 1-83 of Revenue Regulations No. 1-68 Otherwise Known as the PRIVATE RETIREMENT BENEFIT PLAN REGULATIONS, February 22, 1983.

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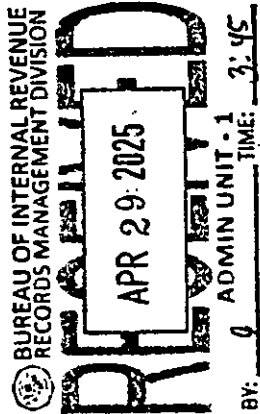
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**SECTION 3. *Private Retirement Benefit Plan.*** – A private retirement benefit plan (the “**Retirement Plan**”) refers to an agreement whereby an employer provides benefits to its officials and employees upon the latter’s retirement.

A Retirement Plan may consist of a pension, gratuity, provident fund, stock bonus or profit-sharing plan, or any other similar plan maintained by an employer for the benefit of some or all of its officials and employees, wherein contributions are made by such employer or officials and employees, or both. It may be contributory or non-contributory on the part of the officials or employees. For this purpose, the following terms and phrases shall have the respective meaning ascribed to them:

- (a) “*Pension Plan*” is a retirement plan established and maintained by an employer primarily to provide systematically for the payment of definitely determinable benefits to its employees over a period of years, usually for life, after retirement.
- (b) “*Profit-Sharing Plan*” is a plan established and maintained by an employer to provide for the participation in the profits by employees or their beneficiaries.
- (c) “*Provident fund*” is an investment fund that is voluntarily established by employer and employees to serve as long term savings to support an employee's retirement.
- (d) “*Stock Bonus Plan*” is a plan established and maintained by an employer to provide benefits similar to those of a profit-sharing plan, except that the contributions by the employer are not necessarily dependent upon the profits and the benefits are distributable in stock of the employer company.
- (e) “*Gratuity Plan*” is a plan established and maintained by an employer to provide for the payment of definitely determined benefits to employees after retirement. This plan is similar to a pension plan, except that the benefits are not payable during a certain period or life of the retiree but totally and immediately after retirement.
- (e) The phrase “*at no time shall any part of the corpus or income of the fund be used for, or diverted to, any purpose other than for the exclusive benefit of the said officials and employees*” includes all objects or aims not solely designed for the proper satisfaction of all liabilities to employees covered by the trust.



**SECTION 4. *Tax Incentives or Privileges.*** – a Retirement Plan which is duly approved by the Bureau of Internal Revenue (“**BIR**”) through the Commissioner of Internal Revenue (“**Commissioner**”) or his authorized representatives, and was issued a certificate of tax qualification for tax exemption (“**Tax Qualified Plan**”) are entitled to the following tax incentives or privileges:

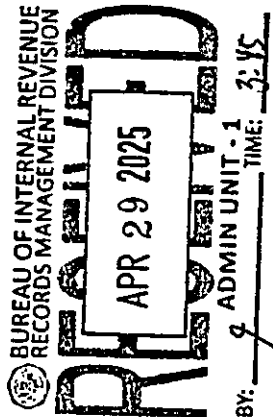
- (a) Exemption from income tax and, consequently, from withholding tax, of the retirement benefits and all amounts received by officials and employees of private firms on account of their retirement (“**Retirement Benefits**”);

(b) Exemption from income tax and, consequently, from withholding tax, of the trust income from various investments made by the trustees of an employee's trust under Section 60(b) of the Tax Code, without prejudice to the investment limitations under Section 8 of this Regulations. For the avoidance of doubt, the exemption from income tax does not include stock transaction tax which is a percentage tax under Title V of the Tax Code. Thus, income from investment in shares of stocks listed and traded in the local stock exchange shall be subject to stock transaction tax imposed under Section 127(A) of the Tax Code; and

(c) Tax deductibility of the following contributions made by employers from its gross income pursuant to Section 34(J) of the Tax Code:

- i. contributions to the trust during the taxable year to cover the pension liability accrued during that year ("**Normal Cost**"); and
- ii. contributions to the trust during the taxable year in excess of the Normal Cost but only if such amount (1) has not theretofore been allowed as a deduction, and (2) is apportioned in equal parts over a period of ten (10) consecutive years beginning with the year in which the transfer or payment is made.

In order to avail of the tax incentives/privileges above, with respect to Retirement Benefits received by qualified employees, the following requirements must be met:



- (a) The Retirement Plan must be reasonable as determined by the Commissioner or his authorized representatives;
- (b) The retiring official or employee must have been in the service of the same employer for at least ten (10) years and is not less than fifty (50) years of age at the time of retirement; and
- (c) The retiring official or employee shall not have previously availed of the privilege under a retirement benefit plan of the same or another employer.

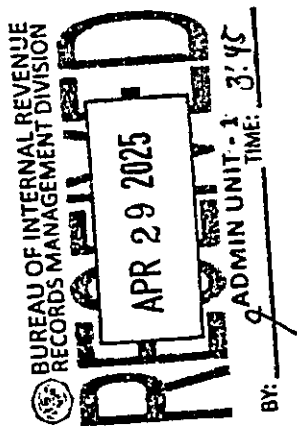
For the avoidance of doubt, in case of transfer of employees from one participating company to another participating company within a multi-employer plan due to a valid merger, the aggregate years of service to the said companies shall be considered in computing the prescribed ten (10)-year period, provided, however, that said employees did not receive their respective separation pay from their previous employer/company (the absorbed or acquired company). Considering that the said transfer of employees is outside the control of the concerned employees, it is but just and fair to consider the period of services to both companies.

For this purpose, a "multi-employer plan" refers to a Retirement Plan to which two or more related reporting entities (each of which shall be individually referred to as "**Participating Company**") contribute for the benefit of its retiring officials and employees. Reporting entities are considered related in this context if they are either a parent, subsidiary, or fellow-subsidary, of any Participating Company/ies.

The tax incentives/privileges under a Tax Qualified Plan shall retroact to the date of effectivity of the Retirement Plan.

**SECTION 5. *Requisites of a Reasonable Retirement Benefit Plan.*** — A Retirement Plan shall be considered reasonable if it meets the following conditions:

- (a) *Written Program.* — It must be a definite written program setting forth all provisions essential for qualification;
- (b) *Permanency.* — It must be a permanent and continuing program unless sooner terminated by virtue of a valid business reason;
- (c) *Coverage.* —
  - (1) *Percentage Basis.* — It must cover at least seventy percent (70%) of all officials and employees. If the plan provides eligibility requirements and at least seventy percent (70%) of all officials and employees meet the eligibility requirements, at least eighty percent (80%) of those eligible must be covered. Under this basis, the following employees are excluded:
    - (a) Employees who have been employed less than the minimum length of time stated in the plan;
    - (b) Employees who work twenty (20) hours a week or less; and
    - (c) Seasonal employees who work five (5) months a year or less.
  - (2) *Classification Basis.* — If the employer does not wish to cover the greater portion of the employees, it may set up a plan under a classification set-up prescribed by the employer and limit coverage to employees in a certain classification, over a prescribed age, employed for a stated number of years; provided that the coverage of the plan must not discriminate in favor of officers, shareholders, supervisors, or highly compensated employees. A classification shall not be considered discriminatory merely because it is limited to salaried or clerical employees. Neither shall a plan be considered discriminatory merely because the contributions or benefits of or on behalf of the employees under the plan bear a uniform relationship to the total compensation, or the basis or regular rate of compensation, and the employees' length of service.
- (d) *Contribution.* — The employer, or officials and employees, or both, shall contribute to a trust fund for the purpose of distributing to the officials and employees or their beneficiaries, the corpus and income of the fund accumulated by the trust in accordance with the plan.
- (e) *Impossibility of Diversion.* — The corpus or income of the trust fund must at no time be used for, or diverted to, any purpose other than for the exclusive benefit of the said officials and employees.



- (f) *Non-discriminatory.* — There must be no discrimination in contributions or benefits in favor of officials and employees who are officers, shareholders, supervisors, or highly compensated.
- (g) *Non-forfeitures.* — It must provide for non-forfeitable rights, that is upon the termination of the plan or upon the complete discontinuance of contributions under the plan, the rights of each official or employee to benefits accrued to the date of such termination or discontinuance, to the extent then funded, or the rights of each employee to the amounts credited to his account at such time are non-forfeitable.
- (h) *Forfeitures.* — The plan must expressly provide that forfeitures arising from severance of employment, death or for any other reason, must not be applied to increase the benefits any employee would otherwise receive under the plan at any time prior to the termination of the plan at the complete discontinuance or employer contributions thereunder. The amounts so forfeited must be used as soon as possible to reduce the employer's contributions under the plan.

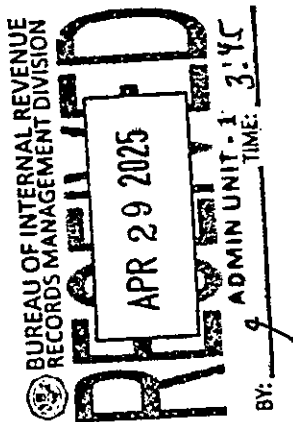
**SECTION 6. *Application for a Certificate of Qualification for Tax Exemption.* —**

The employer shall apply with the BIR, through the Legal and Legislative Division at the National Office, for the issuance of a certificate of qualification for tax exemption of the employee retirement benefit plan ("**Certificate of Qualification**") within thirty (30) days from the date of effectivity of the retirement benefit plan. Otherwise, penalty shall be imposed upon the employer under the existing rules and regulations. The issued Certificate of Qualification shall be valid until revoked by the BIR.

The BIR Forms to be accomplished and documentary requirements to be submitted to the BIR relating to the application for issuance of a Certificate of Qualification are as follows:

*(a) In the case of a trustee Retirement Plan:*

- i. Certified true copy of the latest actuarial valuation report which must not be more than three (3) years prior to the date of application;<sup>6</sup>
- ii. Certified true copy of the trust agreement and current fund amount;
- iii. Original BIR Form No. 17.60 Retirement Benefit Plan Information Sheet signed by authorized officer, which is attached herewith as Annex "A;"
- iv. Certified true copy of the Retirement Plan Rules and Regulations which must contain the following provisions:
  - 1. Provision on non-forfeitable rights, that is, upon the termination of the plan or upon the complete discontinuance of contributions under the plan, the rights of the members accrued



<sup>6</sup> The report for funding purposes on the actuarial funding status of the retirement plan prepared by an accredited actuary in accordance with the existing laws, rules and regulations. This report shall only be needed for the application of issuance of Certificate of Qualification.

to the date of such termination or discontinuance to the extent then funded, or the rights to the amounts credited to the account at such time are non-forfeitable;

2. Provision that forfeitures must not be applied to increase the benefits any employee would receive, but must be used to reduce the employer's contribution under the plan; and
  3. Provision on impossibility of diversion, that is, that no part of the corpus or income of the Trust Fund shall be used for or diverted to purposes other than for the exclusive benefit of the members-employees and their beneficiaries.
- v. TIN of Retirement Benefit Plan, Certificate of Registration of the Retirement Benefit Plan, and BIR Form No. 1901;
  - vi. Original Secretary Certificate as to adoption/approval of amendments of Retirement Benefit Plan/appointment of Trustee;
  - vii. Payment in accordance with RR No. 11-2001 or as may be prescribed by the Commissioner or his authorized representatives; and
  - viii. Such other documents which the Commissioner or his authorized representatives may consider necessary in the final determination of the qualification of the Retirement Plan for tax-exemption under RA No. 4917.

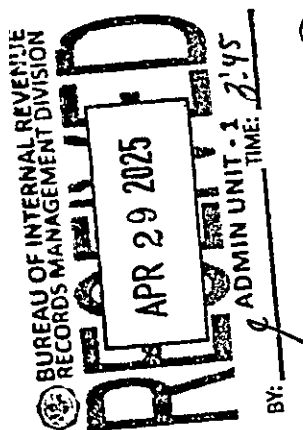
*(b) In the case of a non-trusteed/insured Retirement Plan:*

- i. Duly accomplished BIR Form No. 17.60;
- ii. A copy of the written program constituting the Plan;
- iii. A copy of the Deposit Administration Contract Deferred Annuity Contract executed by and between the employer or the insured or policyholder and the Insurance Company as the insurer; and
- iv. Such other documents which the Commissioner or his authorized representatives may consider necessary in the final determination of the publication of the Plan for tax-exemption.

*(c) In the case of Multi-employer Plans. —*

The same documentation requirements as in paragraph (a) or paragraph (b) of this Section, as the case may be, should be submitted for each of the participating employers together with the Participating Agreement.

Upon receipt of the application, the same, together with the supporting documents shall be evaluated for compliance with the requirements provided for by Section 32(B)(6)(a) of the Tax Code and these Regulations, after which the Commissioner or his authorized representatives shall decide whether or



not the Retirement Plan is so qualified. If the Commissioner or his authorized representatives decides that the Retirement Plan is qualified, he shall issue a certificate of qualification for tax exemption, upon payment of the corresponding fee prescribed in Section 9 of these Regulations. However, if he decides that the Retirement Plan is not qualified, he shall inform in writing the employer/applicant of his decision and the reasons supporting the same.

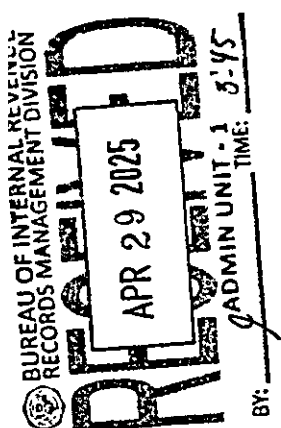
For this purpose, a “*Trusted Retirement Plan*” refers to a retirement plan which assets/funds are being held, managed and administered by a separate entity or group of individuals that is designated or appointed as trustee by an employer for the benefit of its employees. Retirement Plans that do not fall under the foregoing definition are classified as “*Non-Trusted Plans*.”

Pending the employer’s application with the BIR, the retirement benefits received by any qualified retiring employees or investment income received by the Retirement Fund shall be exempt from income tax and, consequently, from withholding tax pursuant to RA No. 4917, and Section 60(B) of the Tax Code, respectively.

However, should the application of the employer be denied by the BIR, the employer/trust shall be directly and solely liable for any deficiency income taxes due on the same.

**SECTION 7. Amendments to the Tax Qualified Retirement Plan.** – During the period that the Retirement Plan is in operation, amendments thereto may be introduced. Such amendments should also be submitted for certification that the amendment/s do not affect the qualification of the Retirement Plan. If found to be beneficial to the employee-members of the Retirement Plan, an amendatory certification of qualification shall be issued by the Commissioner or his authorized representatives upon payment of the corresponding fee prescribed in Section 9 of this Regulations.

**SECTION 8. Investment.** — No specific limitations are provided in the law with respect to investments which may be made by the trustees of an employee’s trust. Generally, the fund may be used by the trustees to purchase any investments permitted by the trust agreement. However, the exemption of the trust income under Section 60 (b) of the Tax Code, may be denied if the trust —

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- (a) lends any part of its income or corpus without adequate security and a reasonable rate of interest;
  - (b) pays any compensation in excess of a reasonable allowance for salaries or other compensation for personal services actually rendered;
  - (c) makes any part of its services available on a preferential basis;
  - (d) makes any substantial purchase of securities or any other property for more than adequate consideration in money or money's worth;
  - (e) sells any substantial part of its securities or other property, for less than an adequate consideration in money or money's worth; or
  - (f) engages in any other transaction which results in a substantial diversion of its income or corpus;

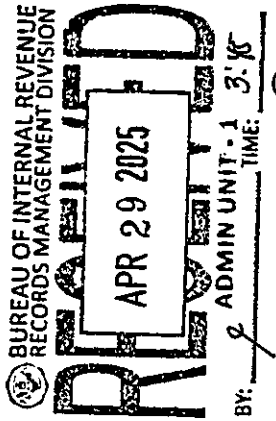
to or from the employer, if the employer is an individual, to or from a member of the family of the employer, or to or from a corporation controlled by the employer through the ownership, directly or indirectly, of 51% or more of the total combined voting power of all

For the avoidance of doubt, the Retirement Fund shall not be used to invest/deposit in any of the employer's business ventures to maintain the separation of the employee's trust fund from that of the employer's trust.

**SECTION 9. Fees to be Paid by the Employers.** — An employer shall pay the following fees:

(a) Upon issuance of the certificate of qualification for tax exemption —

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|--|-----------|
| i. employers not having more than fifty (50) employees                             | P2,000.00 |
| ii. employers having more than fifty (50) but not over one hundred (100) employees | P3,000.00 |
| iii. employers having more than one hundred (100) employees                        | P5,000.00 |



(b) Upon issuance of an amendatory certificate of qualification for tax exemption—

- |  |           |
|--|-----------|
| i. employers not having more than fifty (50) employees                             | P2,000.00 |
| ii. employers having more than fifty (50) but not over one hundred (100) employees | P3,500.00 |
| iii. employers having more than one hundred (100) employees                        | P5,000.00 |

Provided, however, that employers not having more than five (5) employees shall be exempt from the fees prescribed by these Regulations. The above fees shall accrue to the General Fund and shall be deposited with the National Treasury.

**SECTION 10. Filing of Returns.** — Trustees of all trustee Retirement Plans are required to file an annual information return on or before April 15 of each year with the Revenue District Office (“RDO”) having jurisdiction over the employer together with the copy of the issued Certificate of Qualification. The submissions shall be subject to post audit by the BIR.

On the other hand, insurance companies as insurers/custodian of funds of non-trusteed or insured plans (i.e., Retirement Plan established and maintained by an employer under a Deposit Administration Contract or Deferred Annuity Contract, as the case may be and approved by the BIR under RA. No. 4917), should continue to file the regular income tax returns (not the aforementioned annual information return) for income or earnings derived from investments of the covered employees' retirement fund which are subject to income tax.



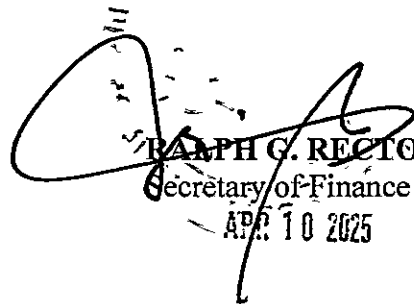

**SECTION 11. *Penalty Clause.*** — Any person found violating any of the provisions of these Regulations shall be subject to the imposition of penalties provided for under the existing laws, rules, and regulations, in addition to the imposition of penalties pursuant to Chapter II of the Tax Code.

**SECTION 12. *Administrative Provision.*** — A separate revenue memorandum order shall be issued to prescribe the detailed procedure, mechanism, and requirements for the effective implementation of the provisions of these Regulations.

**SECTION 13. *Separability Clause.*** — If any provision of these Regulations is declared invalid by a competent court, the remainder of these Regulations or any provision not affected by such declaration of invalidity shall remain in force and effect.

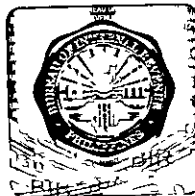
**SECTION 14. *Repealing Clause.*** — The provisions of any regulations, rulings or orders, or portions thereof which are inconsistent with the provisions of these Regulations are hereby revoked, repealed or amended accordingly.



**SECTION 15. *Effectivity Clause.*** — These Regulations shall take effect fifteen (15) days following its publication in the Official Gazette or the BIR official website, whichever comes first.

  
**RALPH G. RECTO**  
Secretary of Finance  
APR 10 2025  


Recommending Approval:

  
**ROMEO D. LUMAGUI, JR.**  
Commissioner of Internal Revenue



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