Technical Training Report

Training of the Bureau of Internal Revenue on the New Philippine Accounting Standards & Philippine Financial Reporting Standards

by SGV & Company

Prepared for

Bureau of Internal Revenue
Department of Finance
Republic of the Philippines

Submitted for review to

USAID/Philippines OEDG

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Preface

This report is the result of technical assistance provided by the Economic Modernization through Efficient Reforms and Governance Enhancement (EMERGE) Activity, under contract with the CARANA Corporation, Nathan Associates Inc. and The Peoples Group (TRG) to the United States Agency for International Development, Manila, Philippines (USAID/Philippines) (Contract No. AFP-I-00-03-00020-00, Delivery Order 800). The EMERGE Activity is intended to contribute towards the Government of the Republic of the Philippines (GRP) Medium Term Philippine Development Plan (MTPDP) and USAID/Philippines' Strategic Objective 2, "Investment Climate Less Constrained by Corruption and Poor Governance." The purpose of the activity is to provide technical assistance to support economic policy reforms that will cause sustainable economic growth and enhance the competitiveness of the Philippine economy by augmenting the efforts of Philippine pro-reform partners and stakeholders.

By letter dated February 23, 2006, Atty. Jose Mario C. Buñag, Commissioner of Internal Revenue, requested EMERGE to provide technical assistance to help the Bureau of Internal Revenue (BIR) harmonize the Philippine tax rules and regulations with the new International Financial Reporting Standards (IFRS) and Philippine Accounting Standards (PAS), subject to the National Internal Revenue Code, and to develop a training program for BIR tax agents and auditors that would provide them a comprehensive and uniform base of understanding of the new accounting principles and standards and their tax implications. This is the final report prepared by SGV & Company about that effort, upon completion of a 14-month program of work and training, in close collaboration with a BIR Technical Team, first to determine the tax audit implications of the new standards and develop a training module, and then to train a Core Instructor Group to roll out training in the new standards to the various BIR offices around the country.

The views expressed and opinions contained in this publication are those of the authors and are not necessarily those of USAID, the GRP, EMERGE or the latter's parent organizations.

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I. Introduction of SGV Team and BIR Technical Team

The project started off with a kickoff meeting held last April 26, 2006, where the SGV Team was introduced to the BIR Technical Team. The BIR Technical Team is composed of BIR officials who are assigned to attend all sessions where the new accounting standards will be discussed for them to come up with proposed changes to existing tax rules and regulations in light of the new PAS/PFRS.

Below is the composition of the teams:

SGV Team
Head: Cirilo P. Noel
Ruben R. Rubio
Luis Jose P. Ferrer
Wilson P. Tan
Josephine Adrienne A. Abarca
Arnel F. De Jesus
Fabian K. De los Santos
Cyril Jasmin B. Valencia
Aaron C. Escartin
Arvin D. Agbayani
Liana A. Lorenzo

BIR Technical Team
DCIR Lilian B. Hefti
ACIR Edwin R. Abella
HREA Elvira R. Vera
Dir. Danilo A. Duncano
OIC-ARD Teresita M. Dizon
Leticia C. Batausa
Atty. Mapemaroma C. Cantillep
Atty. James R. Ferrer
Atty. Jethro M. Sabariaga
Atty. Ethelda H. Rivera
Fatima P. Sarrosa
Edison O. Larin
Atty. Charadine S. Bandon
Reynoso A. Floreza, Jr.
Crispina G. Cruz

II. Discussion of PAS/PFRS and Tax Templates

The SGV Team discussed the new accounting standards and its related income tax implications based on existing tax rules with the BIR Technical Team during sessions held from May 19, 2006 to April 19, 2007. The discussion was guided by the use of the PAS/PFRS and Tax Templates, which contains details on the provisions of the new accounting standards and related income tax rules. During the discussion, issues were raised by both the SGV Team and the BIR Technical Team on areas where there are no existing income tax rules to cover the related accounting treatment, or areas wherein the BIR may have to review existing income tax rules for possible revision or issuance of new regulations. The issues raised were documented in the PAS/PFRS and Tax Templates.

Below is a summary of the topics discussed during the sessions and the respective schedule of sessions:

<u>Session 1 – May 19, 2006, June 23, 2006, July 9, 2006 , November 3, 2006</u>
Introduction to financial reporting under PAS/PFRS
PAS 1, *Presentation of Financial Statements*
PAS 7, *Cash Flow Statements*
PAS 16, *Property, Plant and Equipment*
PAS 23, *Borrowing Costs*
PAS 40, *Investment Property*
PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*
IFRIC 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*
PAS 36, *Impairment of Assets*

<u>Session 2 – July 9, 2006</u>
PAS 37, *Provisions, Contingent Assets and Contingent Liabilities*
PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*
PAS 10, *Events After Balance Sheet Date*
PAS 34, *Interim Financial Reporting*
PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*
PAS 26, *Accounting for Retirement Plans*
PAS 2, *Inventories*
PAS 11, *Construction Contracts*

<u>Session 3 – July 9 and 21, 2006, September 11, 2006 , September 15, 2006</u>
PAS 27, *Consolidated and Separate Financial Statements*
PAS 28, *Investments in Associates*
PAS 31, *Investments in Joint Ventures*
PFRS 3, *Business Combination*
SIC 12: *Consolidation – Special Purpose Entities*
SIC 13: *Jointly Controlled Entities – Non monetary Contributions by Venturers*
PAS 20, *Accounting for Government Grants*
SIC 10: *Government Assistance – No Specific Relation to Operating Activities*
PAS 14, *Segment Reporting*

Session 4 – July 21, 2006 , August 18, 2006, September 11, 2006 , September 15, 2006
PAS 21, *Effects of Changes in Foreign Exchange Rates*
PFRS 2, *Share-based Payments*
PAS 24, *Related Party Disclosures*
PAS 38, *Intangible Assets*
SIC 32: *Intangible Assets, Web Site Costs*
PAS 19, *Pensions and Other Employee Benefits*

Session 5 – August 18, 2006, September 11, 2006 , September 15, 2006, October 13, 2006
PAS 18, *Revenue Recognition*
SIC 31: *Revenue: Barter Transactions Involving Advertising Services*
PAS 17, *Leases*
SIC 15: *Operating Leases-Incentives*
SIC 27: *Evaluating the Substance of Transactions Involving the Legal Form of Lease*

Session 6 – July 21, 2006 , October 20, 2006
PAS 41, *Agriculture*
PFRS 6, *Exploration for and Evaluation of Mineral Resources*
SIC 07: *Introduction of Euro*

Session 7 – October 20, 2006, October 21, 2006, November 15, 2006 November 21, 2006
PAS 12, *Income Taxes and Deferred Tax*
SIC 21, *Income Taxes – Recovery of Revalued Non depreciable Assets*
SIC 25, *Income Taxes – Changes in Tax Status of an Enterprise or its Shareholders*
PAS 39, *Financial Instruments: Recognition and Measurement*
PAS 32, *Financial Instruments: Presentation and* Disclosure
PFRS 7, *Financial Instruments: Disclosure*
PFRS 1, *First Time Adoption of PFRS*
PFRS 4, *Insurance Contracts*

III. BIR Technical Team Resolutions/Positions for Issues Raised

The BIR Technical Team presented their resolutions and positions on the issues identified during the discussion of the PAS/PFRS and Tax Templates. These resolutions and resolutions were also incorporated in the said templates. The schedule of meetings held for this activity is as follows:

January 26, 2007
February 23, 2007
March 2, 2007
March 3, 2007
March 9, 2007

March 20, 2007
April 17, 2007
April 19, 2007

IV. Submission of PAS/PFRS and Tax Templates

The complete set of templates containing the BIR positions and positions on issues raised was submitted to the BIR for their signature last May 25, 2007.

V. SGV Preparation of Training Materials

Based on the issues raised in the discussion of PAS/PFRS and Tax Templates and the presentation of resolutions by the BIR Technical Team, the SGV Team developed the training materials used for the actual training of BIR personnel. The training materials include Microsoft PowerPoint slides, case studies, and other handouts used to facilitate the discussion. A diagnostic quiz was also prepared. The materials were finalized in the last week of April 2007.

VI. SGV Presentation of Training Materials

The SGV Team presented the final training materials to the BIR Technical Team and EMERGE representatives last April 26 and 27, 2007. The BIR commented on the materials, and such comments were included in the final slides. The logo and footnotes to be used in the training materials, as well as the logistics of the conduct of the training, were agreed upon during the meeting.

VII. PAS/PFRS Training Proper

The training was conducted by the SGV Team in ten days in two batches. Each batch is composed of 50 BIR personnel. The participants also include the members of the BIR Technical Team. The schedule of training programs is as follows:

First Batch	May 7 to May 22, 2007
Second Batch	May 28 to June 8, 2007

The topics covered, schedule of discussion, and assigned instructors are detailed in Annex 1.

A diagnostic test was given to the participants before the start of the training, and the same set of questions was given at the end of the training to measure the level of comprehension of the discussed accounting concepts and income tax implications. The diagnostic test contained 20 questions. Below are the results of the diagnostic test:

	Average Score			
	Pre-test		Post-test	
	Raw Score	%	Raw Score	%
Batch 1	12.76	64%	15.27	76%
Batch 2	11.00	55%	16.00	80%

To encourage participation from the participants, attendees were divided into ten groups to compete for the championship for the highest score achieved during the discussion of the case studies. A group winner was determined for each batch, and a token was given by the SGV Team for each member of the winning team.

VIII. Wrap up activities

The following reports and materials were submitted to EMERGE:

1. Final Comprehensive Report of the Project
2. Proposed Roll Out Strategy of the Training
3. Hardcopy of the Complete Set of Training Materials (slides, handouts, case studies and solutions, quiz questions and quiz answers)
4. Softcopy of the Complete Set of Training Materials contained in a Compact Disc (slides, handouts, case studies and solutions, quiz questions and quiz answers)

The following materials were submitted to BIR:

1. Hardcopy of the Complete Set of Training Materials (slides, handouts, case studies and solutions, quiz questions and quiz answers)
2. Softcopy of the Complete Set of Training Materials contained in a Compact Disc (slides, handouts, case studies and solutions, quiz questions and quiz answers)

ANNEX 1

	Title	**Description**	**Handouts and Case Studies**	**Duration**	**Instructors**	
					Accounting	**Tax**
(DAY 1) – May 7 (Batch 1) and May 28 (Batch 2)						
	Introduction	*Welcome remarks*		1 hour	Atty. Edwin R. Abella, BIR	
	Pre-test			1 hour		
	Framework PAS 1 PAS 8 PAS 7 PAS 10 PAS 14 PAS 34	*PAS Framework* *Presentation of Financial Statements* *Accounting Policies, Changes in Accounting Estimates and Errors* *Cash Flow Statements* *Events After Balance Sheet* *Segment Reporting* *Interim Financial Statements*	**Handout** • Good Group Sample Balance Sheet, Income Statement **Case Study** • Corrections of Errors, Changes of Policy, and Changes of Estimate	3 hours	Wilson P. Tan	Ruben R. Rubio/ Luis Jose P. Ferrer
	PAS 2	*Inventories*	**Handout** • Inventories – Summary of Differences **Case Study** • Inventories	3 hours	Wilson P. Tan	Aaron C. Escartin
(DAY 2)- May 8 (Batch 1) and May 29 (Batch 2)						
	PAS 16 PAS 23 PFRS 5 PAS 40 IFRIC 1	*Property, Plant and Equipment (PPE)* *Borrowing Costs* *Non current Assets Held for Sale and Discontinued Operations* *Investment Property* *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	**Handout** • PPE – Summary of Differences • PFRS 5 Decision Tree • PAS 40 Decision Tree • PAS 23 Decision Tree **Case Study** • PPE, Borrowing Cost and Impairment	6 hours	Michael C. Sabado/ Julie C. Ong	Ruben R. Rubio and Aaron C. Escartin
	PAS 36	*Impairment of Assets*	**Handout** • Impairment – Summary of	2 hours	Wilson P. Tan/ Julie C. Ong	Luis Jose P. Ferrer

	Title	**Description**	**Handouts and Case Studies**	**Duration**	**Instructors**	
					Accounting	**Tax**
			Differences			
(DAY 3)- May 9 (Batch 1) and May 30 (Batch 2)						
	PAS 26	*Accounting for Retirement Plans*		1 hour	Michael C. Sabado	Luis Jose P. Ferrer
	PAS 19	*Pensions and Other Employee Benefits*	**Handout** • Types of Employee Benefits Under PAS 19 • Types of Post-employment Benefit Plans • Sample PAS 19 Disclosures **Case Study** • Employee Benefits	4 hours	Michael C. Sabado	Luis Jose P. Ferrer
	PAS 11	*Construction Contracts*	**Handout** • Construction Contracts – Summary of Differences **Case Study** • Construction Contracts	3 hours	Michael C. Sabado	Aaron C. Escartin
(DAY 4) – May 10 (Batch 1) and May 31 (Batch 2)						
	PAS 37	*Provisions, Contingent Assets and Contingent Liabilities*	**Handout** • Provisions – Summary of Differences	2 hours	Julie C. Ong	Arvin D. Agbayani
	PFRS 6	*Exploration for and Evaluation of Mineral Resources*		2 hours	Julie C. Ong	Ruben R. Rubio and Arvin D. Agbayani
	PFRS 2	*Share-based Payments*	**Handout** • Decision Tree: Summary of Accounting and Tax Treatment for Share-based Payments **Case Study** • Share-based Payments	4 hours	Ian G. Lauron	Ruben R. Rubio

	Title	**Description**	**Handouts and Case Studies**	**Duration**	**Instructors**	
					Accounting	**Tax**
(DAY 5) May 11 (Batch 1) and June 1 (Batch 2)						
	PAS 21 SIC 07	*Effects of Changes in Foreign Exchange Rates* *Introduction of Euro*	**Case Study** • Peso Historical and Dollar Historical Income Tax Computation	3 hours	Wilson P. Tan	Ruben R. Rubio
	PAS 27 PAS 28 PAS 31 PFRS 3 SIC 12 SIC 13	*Consolidated and Separate Financial Statements* *Investments in Associates* *Investments in Joint Ventures* *Business Combination* *Consolidation – Special Purpose Entities* *Jointly Controlled Entities – Non monetary Contributions by Venturers*	**Case Study** • Business Combination	5 hours	Wilson P. Tan	Ruben R. Rubio and Aaron C. Escartin
(DAY 6) May 16 (Batch 1) and June 4 (Batch 2)						
	PAS 38 SIC 32	*Intangible Assets* *Intangible Assets, Web Site Costs*	**Handout** • Decision Tree for Capitalization of Intangible Assets – Summary of Accounting and Tax Treatment • Intangibles – Summary of Differences **Case Study** • Intangibles	3 hours	Janeth T. Nunez	Arvin D. Agbayani
	PAS 20 SIC 10	*Accounting for Government Grants* *Government Assistance – No Specific Relation to Operating Activities*		1 hour	Janeth T. Nunez	Luis Jose P. Ferrer

	Title	**Description**	**Handouts and Case Studies**	**Duration**	**Instructors**	
					Accounting	**Tax**
	PAS 12 SIC 21 SIC 25	*Income Taxes and Deferred Tax* *Income Taxes – Recovery of Revalued Non depreciable assets* *Income Taxes – Changes in Tax Status of an Enterprise or its Shareholders*	**Case Study** • Deferred Income Tax Computation	3 hours	Janeth T. Nunez	Aaron C. Escartin
	PAS 24	Related Party Disclosures		1 hour	Janeth T. Nunez	Luis Jose P. Ferrer
(DAY 7) May 17 (Batch 1) and June 5 (Batch 2)						
	PAS 39 PAS 32 PFRS 7	*Financial instruments: Recognition and Measurement* *Financial Instruments: Presentation and Disclosure* *Financial Instruments: Presentation and Disclosure*	**Handout** Financial Instruments – Summary of Differences	8 hours	Christian G. Lauron	Ruben R. Rubio
(DAY 8) May 18 (Batch 1) and June 6 (Batch 2)						
	PAS 18 SIC 31	*Revenue recognition* *Revenue: Barter Transactions Involving Advertising Services*	**Handout** • Financial Instruments – Summary of Differences	8 hours	Wilson P. Tan	Aaron C. Escartin
(DAY 9) May 21 (Batch 1) and June 7 (Batch 2)						
	PAS 41	*Agriculture*	**Handout** • Agriculture	4 hours	Wilson P. Tan	Aaron C. Escartin
	PFRS 4	*Insurance Contracts*		4 hours	Arnel F. de Jesus	Ruben R. Rubio

	Title	**Description**	**Handouts and Case Studies**	**Duration**	**Instructors**	
					Accounting	**Tax**
(DAY 10) May 22 (Batch 1) and June 8 (Batch 2)						
	PAS 17 SIC 15 SIC 27	Leases Operating Leases – Incentives Evaluating the Substance of Transaction Involving the Legal Form of Lease	**Case Study** • Leases	5 hours	Wilson P. Tan	Aaron C. Escartin
	Post-test			1 hour		
	Wrap-up				Wilson P. Tan and Ruben R. Rubio	
	Awarding of Champion Group					
	Closing Remarks					

PROPOSED ROLLOUT STRATEGY FOR THE SEMINAR ON PHILIPPINE ACCOUNTING STANDARDS (PAS)/PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRS) FOR THE PERSONNEL OF THE BUREAU OF INTERNAL REVENUE (BIR)

DESCRIPTION OF THE TRAINING

The training will be conducted for ten days, covering the topics outlined in ***Annex 1***. The training will be conducted using the classroom style of discussion, wherein an instructor will discuss the topics by presenting slides to the participants.

OBJECTIVES OF THE TRAINING

1. Help the BIR gain a comprehensive and uniform base of understanding on the new PAS/PFRS-based pronouncements and their tax implications. The objective of the training is to provide a working knowledge to the BIR people of the new financial accounting standards to help them understand the financial statements of the taxpayers and in the conduct of their audit. The training is expected to reinforce the expertise of the BIR people in the field of tax accounting.

2. Use the training module developed by SGV & Co. together with BIR, covering the tax implications of the PAS/PFRS that may serve as guidance in the issuance of new regulations and circulars that will already consider the impact of the new accounting principles.

I. METHOD AND FORMAT OF INSTRUCTION

A. Pre-test and Post-Test

Before the start of the training, pre-test will be given to the participants to measure their basic understanding of the rules of IFRS-based accounting standards and the existing tax rules and regulations. After the 10-day training, a post-test will be given to the participants using the same set of questions. The results of the pre-test will be compared with the results of the post-test to measure progress of the participants with respect to the topics covered by the seminar.

B. Sequence of Discussion

There will be a set of instructors who will deliver lectures, using PowerPoint slides as a guide. The discussion will be divided into two parts: the first part will focus on the understanding of the new IFRS-based accounting standards, to be followed by a discussion of the related tax impact of the said accounting standards.

C. Discussion Proper

The discussion will be further reinforced by case studies for selected topics. The case studies will illustrate the concepts covered in the lectures, and will often require computations.

D. Open Forum

A one-hour open forum will be conducted at the end of each day. The participants are required to write in a sheet of paper their questions or clarifications to be submitted to the assigned BIR Technical Team. The assigned BIR Technical Team will screen the questions for any duplication before it is handed over to the instructor.

II. TARGET PARTICIPANTS

The Core Instructor Group will roll out the training to the other offices of the BIR. The Core Instructor Group are composed of the BIR Technical Team and participants of the 10 day seminar in 2 batches held in the BIR Main Building , Quezon City last May 7 to May 22, 2007 (first batch) and May 28 to June 8, 2007 (second batch) who obtained a score in the post test of 75% and above.

The suggested groupings and order of priority for the roll out training are as follows:

1. Large Taxpayers Service
2. Regional District Offices
3. Revenue District Offices

The training of the Regional District Offices can be held in Davao, Cebu, Baguio, Angeles and Laguna.

III. INSTRUCTORS

The instructors should be confident in speaking in front of a large audience. Below are the alternatives of the composition and the preparation required of the instructors with the analysis of the alternatives presented as to effectiveness and cost consideration. We also conclude below on the best alternative based on our assessment:

A. Full Outsourcing	Effectiveness	Cost
The BIR will contract a third party to roll out the training, covering both financial and tax accounting. The third party should be an expert in both the fields of financial and tax accounting.	This option will be very effective during the training proper as the third party provider is an expert in the fields of financial and tax accounting. This will provide the participants the required level of working knowledge in financial accounting. This option however, will not completely reinforce expertise in tax accounting to the Core Instructor Group as opposed to assigning the latter to teach the tax accounting portion. If the teaching of tax accounting portion is assigned to the Core Instructor Group, more effort is expected to study the topics intently as they are expected to teach back.	This option is expected to be costly because the entire activity is outsourced.

B. Partial Outsourcing – Financial Accounting Portion Only		
The BIR will contract a third party who is an expert in financial accounting to conduct the training on financial accounting. They may consider obtaining the services of members of the academe or of accounting firms.The BIR Technical Team will form a Core Instructor Group that will handle the training on tax accounting.	This option will provide the participants the required level of working knowledge in financial accounting as the third party provided is an expert in this field. This option will also reinforce expertise in tax accounting to the Core Instructor Group as they are expected to study the topics intently because of the expectation to teach back.	Less costly compared to option A.
C. Rollout by BIR		
Members of the Core Instructor Group will conduct the training covering both financial and tax accounting.	The option may not provide the participants the required level of working knowledge in financial accounting because the Core Instructor Group are not experts in the field of financial accounting. In case where there maybe complex issues or questions in financial accounting, the Core Instructor Group may not be equipped to provide quick and most appropriate answers and thus,	Less costly compared to options A and B.

	differences in tax and financial accounting brought about by the new accounting standards may not be highlighted or emphasized. On the other hand, this option will reinforce expertise in tax accounting to the Core Instructor Group as they are expected to study the topics intently because of the expectation to teach back.	
D. Rollout by BIR with Refresher Course on Financial Accounting		
Members of the Core Instructor Group will conduct the training covering both financial and tax accounting. The BIR will contract a third party to conduct a refresher course on financial accounting. The refresher course will be conducted in one week to better prepare the instructors on financial accounting.	The same comment as option C.	Less costly compared to options A and B, but more costly than option C

E. Conduct the Training Through E-Learning	This option may not be able to provide the working knowledge to the BIR people of the new financial accounting and reinforce expertise in the field of tax accounting. This is because of the complexity of the new financial accounting standards which will require face to face interface with the participants to achieve maximum results. Questions that may need to be immediately clarified will not be quickly provided with appropriate answers.	This will be the most costly among all options because BIR will have to ensure that the proper hardware (computers and fast internet connection) and software required are in place before this can be implemented. BIR will have to develop the software together with the third party which will require outlay for professional services. This will also require additional manpower to maintain the e-learning facilities and contents moving forward.

Conclusion: Given the options above using the cost-benefit analysis, we assessed that option B is the best alternative. This will meet the objective of providing working knowledge to the BIR people of the new financial accounting standards to help them understand the financial statements of the taxpayers and in the conduct of their audit and reinforce their expertise in the field of tax accounting in a most cost-effective means.

IV. PREPARATION OF INSTRUCTORS

The Instructors (whether composed of the Core Instructor Group or third party providers) should have ample preparation before conducting the seminar. It is recommended that they listen to recorded audio sessions of the training sessions conducted by SGV & Co. in the BIR Head Office on May 7 to June 8, 2007.

To properly prepare for the discussion on financial accounting, the instructors should have access to the copy of the PFRS which provides further discussion and interpretations of the accounting standards. It is highly recommended that they read the training materials in advance.

Moreover, to properly prepare for the discussion on tax accounting, the instructors should have access to the copy of the Tax Code and other tax regulations and court decisions which provide further discussions and interpretations of the tax rules. It is highly recommended that they read the training materials in advance.

V. MATERIALS

A bound printed copy of the PowerPoint slides will be provided to the participants two weeks before the first day of the training session to give the participants ample time to read the materials and to ensure the absorption of the topics during the actual seminar.

Copies of the case studies and solutions are not included in the bound printed copy of the PowerPoint slides. These will be provided separately to the participants as these are discussed.

VI. LOGISTICS

Wide screen projectors should be used for the PowerPoint slides.
White boards should also be available for illustrations.
Extra sheets of paper should also be provided for questions from the participants.
Tables and chairs should be arranged in classroom style.

VII. SCHEDULING

Option 1: The sessions will be conducted for 10 straight days.
Option 2: The first part of the sessions will be conducted for five straight days, after which, a one-week break is given before the second part of the five-day training session held.
Option 3: Conduct the training using either Option 1 or 2 for the Large Taxpayers Service and Regional District Offices in order to save on transportation and lodging expenses as the participants are expected to come from difference regions. The sessions for Revenue District offices can be conducted every Fridays and Saturdays in order to complete the 10 day session in 5 weeks.

VIII. OTHER CONSIDERATIONS

BIR can opt to invite tax practitioners and corporate tax officers in order to raise resources for the professional fees of the third party provider and honorarium for the Core Instructor Group. This will also be a good venue for the exchange of ideas between BIR and the tax practitioners and corporate tax officers. If this option will be considered, BIR will have to be clear however, if the BIR tax position on the matter being discussed is tentative and maybe subject to change (for further discussion and issuances of regulations) or final.

ANNEX 1

BIR Group	Title	Description	Handouts and Case Studies	Duration
(DAY 1)				
	Introduction	Welcome remarks		1 hour
	House keeping			
	Pre-test			1 hour
	Framework PAS 1 PAS 8 PAS 7 PAS 10 PAS 14 PAS 34	PAS Framework Presentation of Financial Statements Accounting Policies, Changes in Accounting Estimates and Errors Cash flow statements Events After Balance Sheet Segment Reporting Interim Financial Statements	**Handout** • Good Group Sample Balance Sheet, Income Statement **Case Study** • Corrections of errors, changes of policy, and changes of estimate	3 hours
	PAS 2	Inventories	**Handout** Inventories – Summary of Differences **Case Study** • Inventories	3 hours

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BIR Group	Title	Description	Handouts and Case Studies	Duration
(DAY 2)				
	PAS 16 PAS 23 PFRS 5 PAS 40 IFRIC 1	Property, Plant and Equipment Borrowing Costs Non-current Assets Held for Sale and Discontinued Operations Investment Property Changes in Existing Decommissioning, Restoration and Similar Liabilities	**Handout** • PPE – Summary of Differences • PFRS 5 Decision Tree • PAS 40 Decision Tree • PAS 23 Decision Tree **Case Study** • PPE, Borrowing Cost, and Impairment	6 hours
	PAS 36	Impairment of Assets	**Handout** • Impairment – Summary of Differences	2 hours
(DAY 3)				
	PAS 26	Accounting for Retirement Plans		1 hour
	PAS 19	Pensions and Other Employee Benefits	**Handout** • Types of Employee Benefits under PAS 19 • Types of Post employment benefit plans • Sample PAS 19 Disclosures **Case Study** • Employee Benefits	4 hours

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BIR Group	Title	Description	Handouts and Case Studies	Duration
	PAS 11	Construction Contracts	**Handout** • Construction Contracts – Summary of Differences **Case Study** Construction Contracts	3 hours
(DAY 4)				
	PAS 37	Provisions, contingent assets and contingent liabilities	**Handout** • Provisions – Summary of Differences	2 hours
	PFRS 6	Exploration for and Evaluation of Mineral Resources		2 hours
	PFRS 2	Share-based payment	**Handout** • Decision Tree: Summary of Accounting and Tax Treatment for Share-based Payment **Case Study** • Share-based Payments	4 hours
(DAY 5)				

PROPOSED ROLLOUT STRATEGY FOR THE SEMINAR ON PHILIPPINE ACCOUNTING STANDARDS (PAS)/PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRS) FOR THE PERSONNEL OF THE BUREAU OF INTERNAL REVENUE (BIR)

BIR Group	Title	Description	Handouts and Case Studies	Duration
	PAS 21 SIC 07	Effects of Changes in Foreign Exchange Rates Introduction of Euro	**Case Study** • Peso Historical and Dollar Historical Income Tax Computation	3 hours
	PAS 27 PAS 28 PAS 31 PFRS 3 SIC 12 SIC 13	Consolidated and Separate Financial Statements Investments in Associates Investments in Joint Venture Business Combination Consolidation: Special Purpose Entities Jointly Controlled Entities – Non monetary Contributions by Venturers	**Case Study** • Business Combination	5 hours
(DAY 6)				
	PAS 38 SIC 32	Intangible assets Intangible Assets, Web Site Costs	**Handout** • Decision Tree for Capitalization of Intangible Assets – Summary of Accounting and Tax Treatment • Intangibles – Summary of Differences **Case Study** Intangibles	3 hours

PROPOSED ROLLOUT STRATEGY FOR THE SEMINAR ON PHILIPPINE ACCOUNTING STANDARDS (PAS)/PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRS) FOR THE PERSONNEL OF THE BUREAU OF INTERNAL REVENUE (BIR)

BIR Group	Title	Description	Handouts and Case Studies	Duration
	PAS 20 SIC 10	Accounting for Government Grants Government Assistance – No Specific Relation to Operating Activities		1 hour
	PAS 12 SIC 21 SIC 25	Income taxes and deferred tax Income Taxes-Recovery of Revalued Non depreciable assets Income Taxes- Changes in Tax Status of an Enterprise or its Shareholders	**Case Study** • Deferred Income Tax Computation	3 hours
	PAS 24	Related party disclosures		1 hours
(DAY 7)				
	PAS 39 PAS 32 PFRS 7	Financial instruments: Recognition and Measurement Financial Instruments: Presentation and Disclosure Financial Instruments: Presentation and Disclosure	**Handout** • Financial Instruments – Summary of Differences	8 hours
(DAY 8)				
	PAS 18 SIC 31	Revenue recognition Revenue: Barter Transactions Involving Advertising Services	**Handout** • Financial Instruments – Summary of Differences	8 hours

PROPOSED ROLLOUT STRATEGY FOR THE SEMINAR ON PHILIPPINE ACCOUNTING STANDARDS (PAS)/PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRS) FOR THE PERSONNEL OF THE BUREAU OF INTERNAL REVENUE (BIR)

BIR Group	Title	Description	Handouts and Case Studies	Duration
(DAY 9)				
	PAS 41	Agriculture	**Handout** • Agriculture	4 hours
	PFRS 4	Insurance Contracts		4 hours
(DAY 10)				
	PAS 17 SIC 15 SIC 27	Leases Operating Leases-Incentives Evaluating the Substance of Transaction Involving the Legal Form of Lease	**Case Study** • Leases	5 hours
	Post-test			1 hour
	Wrap-up			
	Awarding of Champion Group			
	Closing Remarks			

ANNEX 2

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