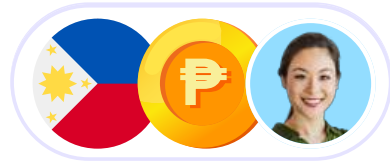


# Philippines Year-End Checklist



## Year-End Checklist

### 1. Pre-payroll Compliance



### 2. During Payroll Compliance



# Why a Year-End Checklist Matters

The year-end payroll process is a critical milestone for any organization, ensuring compliance, accuracy, and a smooth transition into the new year. Without a structured approach, it's easy to miss key tasks, risk errors, or face compliance issues.

A year-end payroll checklist serves as your guide to:

1. **Ensure Accuracy:** Avoid costly mistakes in employee records, payments, and tax filings.
2. **Maintain Compliance:** Meet local, state, and federal regulations with confidence.
3. **Streamline Processes:** Simplify reporting, reconciliation, and next-year preparation.
4. **Build Trust:** Deliver accurate and timely payroll and tax statements to employees.

This checklist isn't just a list — it's your roadmap to closing the year on a strong, organized, and stress-free note.

# 1. Pre-payroll Compliance

- Ensure that the company's financial information such as TIN is in place.
- Ensure that all employee records, including personal information and tax status, are updated.
- Review employee classifications (regular, temporary, contractual, minimum wage earner etc.) for accurate deductions and tax computation.
- Check if all eligible employees are included in the 13th month bonus and other benefits distribution.
- Ensure proper classification of allowances, incentives and fringe benefits.
- Ensure proper record of PERA tax credit amount.

## 2. During Payroll Compliance

### For Withholding Tax:

- Ensure proper classification of salary components in regular and supplementary income.
- Ensure proper inclusion of taxable portion of de-minimis benefits, bonuses, fringe benefits and other incentives in payroll.
- Ensure employee tax deductions, including employee's share of social contribution and PERA tax credit have been considered accurately.
- Ensure taxable compensation includes previous employer's taxable compensation as well.
- Ensure tax annualization is performed during final payroll in December to determine income tax payable for the year including any adjustments for over or underpaid taxes
- Reconcile monthly withholding tax payment to the final income tax.

- Ensure proper deduction of loan repayments, if required from salary after withholding tax calculation.

## **For SSS, PhilHealth & Pag-IBIG:**

- Ensure the wage limits for contribution are as per the latest statutory guidelines.
- Ensure the contribution is accurately rounded to determine the contribution.
- Review the calculated contributions for SSS, PhilHealth and Pag-IBIG.
- Ensure the previous monthly calculations for SSS, PhilHealth and Pag-IBIG contribution are correctly captured.

### 3. Post-Payroll Compliance

#### For Withholding Taxes:

- Submit the Annual Information Return of Income Taxes Withheld on Compensation(BIR 1604-C) Form, including the alpha list of employees to summarise the total amount of taxes withheld on employees' compensation for the entire year by 31st January of the following year.
- Submit BIR 1604-F Form for the annual information return of fringe benefits and other income payments subject to final withholding taxes, by 31st January of the following year.
- Issue certificate of compensation (BIR Form 2316) to employees by 31st January of the following year.

#### For Social Security:

- Submit SSS R3 Form to report the details of monthly salary credit of employees for December contributions to the Social Security System (SSS) by 31st January of the following year.

## For PhilHealth & Pag-IBIG:

- EPRS Form is used to remit the December contributions for PhilHealth by 10th January of the following year.
- Remit Pag-IBIG December contributions by 10th January of the following year through specified bank.