



# TAX MANAGEMENT ASSOCIATION OF THE PHILIPPINES, INC.

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## TMAP TAX UPDATES

(June - July 2019)

*Prepared by:*



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## I. COURT OF TAX APPEALS

### a. *En Banc* Decisions

1. *Commissioner of Internal Revenue v. Northern Tobacco Redrying Co., Inc.* (CTA EB Case No. 1760, dated July 2, 2019)

**THE TAX ASSESSMENT MUST CONTAIN NOT ONLY THE COMPUTATION OF TAX LIABILITIES, BUT ALSO A DEFINITE AMOUNT OF TAX LIABILITY AND A DEMAND FOR PAYMENT WITHIN A PRESCRIBED PERIOD OTHERWISE THE ASSESSMENT IS INVALID.** The mutability or changeableness of the amount due constitutes failure to comply with the mandatory requirement of stating a definite amount of liability. In this case, the Formal Letter of Demand indicated that the total amount due will change depending on the date of payment of the assessed taxes. The Formal Letter of Demand therefore failed to state a definite amount to be paid and a definite date for payment of the assessed taxes. Thus, the Formal Letter of Demand is vague and cannot be legally deemed as valid.

2. *CIR v. Licel Calderon* (CTA EB No. 1876 and 1877 dated July 2, 2019)

**THE PHILIPPINE GOVERNMENT HAS RESERVED ITS RIGHT TO RETAIN ITS TAXING POWER OVER ITS CITIZENS OR NATIONALS UNDER THE EMPLOY OF THE ASIAN DEVELOPMENT BANK (“ADB”).** Nowhere in the subject Declaration may it be inferred that the Philippine government had endowed upon its citizens employed at the ADB the privilege of being excused from the imposition of Philippine income taxes on their earned salaries and emoluments. If indeed the objective was to exempt their compensation income from taxes, then the Philippine government would have totally assented to the ADB Charter without any restrictive proviso or reservation. Clearly, upon the Philippine Government's accession to the ADB Charter, its intention all along was to maintain its taxing power on the Filipino ADB employees.

**INCOME TAXES OF THE FILIPINO ADB EMPLOYEES THAT THE BIR COLLECTED FOR TAXABLE YEAR 2012 MUST BE REFUNDED. RMC NO. 31-2013 SHOULD NOT BE RETROACTIVELY APPLIED UNDER SECTION 246 OF THE NIRC, AS AMENDED.** The insertion of Sec. 338-A, now on Section 246, into the National Internal Revenue Code is indicative of legislative intention to support the principle of



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good faith, as it fosters the policy against retroactive application of among others if the same is prejudicial to the taxpayer. Since the Filipino ADB employees, having relied in good faith that they are exempted from income tax based on the ADB Charter, RMC No. 31-2013 should only be made to apply on the Filipino ADB Employees' income realized *after* its efficacy in taxable year 2013 onwards. Thus, the income taxes that the BIR collected pertaining to taxable year 2012 must accordingly be returned to them.

3. *Secretary of Finance v. Century Peak Property Development, Inc. and Kingsville International Resources, Inc.* (CTA EB No. 1776 dated July 5, 2019)

**A PRE-INCORPORATION SUBSCRIPTION CONTRACT EXECUTED PURSUANT TO SECTIONS 61 AND 62 OF THE CORPORATION CODE OF THE PHILIPPINES IS NOT SUBJECT TO VALUE ADDED TAX (“VAT”).** A pre-incorporation subscription pursuant to Sections 61 and 62 of the Corporation Code cannot be deemed as a sale transaction that is subject to VAT. The CTA *En Banc* held that the subject Deed of Assignment executed over two parcels of land which were contributed as capital for the incorporation of Respondent Corporation in exchange for shares of stock is not considered a “sale, barter, or exchange of goods” nor a disposition or exchange of properties “in the course of trade or business” subject to VAT under Sections 105 and 106 of the Tax Code.

4. *CIR v. Univation Motor Philippines Inc.* (CTA EB Case No. 1789 dated July 5, 2019)

**IN A CREDITABLE WITHHOLDING TAX (“CWT”) REFUND CLAIM, THE BURDEN OF PROVING ACTUAL REMITTANCE OF AMOUNTS WITHHELD LIES WITH THE PAYOR-WITHHOLDING AGENT AND NOT WITH THE INCOME EARNER-PAYEE.** Respondent, being the income earner and payee of the CWTs, is neither decreed by law nor by pertinent rules and regulations to compulsorily demonstrate by evidence that the CWTs subject of the refund claim were remitted to the BIR for the duty is one fittingly attributable to its income payors-withholding agents. To subscribe with petitioner’s reasoning would effectively place respondent the burden of establishing a legal obligation not properly pertaining to it.

5. *CIR v. GE Consumer Finance, Inc.* (CTA EB Case No. 1775 dated July 5, 2019)



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**THE SERVICE OF A COPY OF THE MOTION FOR RECONSIDERATION IS JURISDICTIONAL.** Service of a copy of a motion containing notice of the time and place of hearing of said motion is a mandatory requirement and the failure of the movant to comply with the said requirements renders his motion fatally defective. Hence, a motion for reconsideration without the necessary proof of service is a mere scrap of paper that does not toll the running of the period to appeal. There is no motion for reconsideration of the Decision which could have been considered as filed before the CTA in Division. The CIR's opportunity to appeal has already lapsed since the assailed Decision has become final and executory for failure of the CIR to file a motion for reconsideration in accordance with the rules. Accordingly, during the time that the instant Petition for Review was filed before the CTA *En Banc*, the CTA in Division has already lost its jurisdiction over the case.

6. *CIR v. Oriental Assurance Corporation* (CTA EB No. 1881 dated July 5, 2019)

**EVIDENCE NOT SUBMITTED IN THE ADMINISTRATIVE LEVEL CAN BE PRESENTED BEFORE THE CTA.** The CTA shall be a court of record and as such it is required to conduct a formal trial (trial *de novo*) where the parties must present their evidence accordingly if they desire the Court to take such evidence into consideration. Moreover, even on the assumption that the evidence were not presented before the administrative level, the failure to submit documents in the administrative level is not fatal to the case in judicial level, as such are litigated *de novo* and decided based on what has been presented and formally offered by the parties during the trial.

**b. Decisions of the CTA in Division**

1. *Kurimoto (Philippines) Corporation v. Commissioner of Internal Revenue* (CTA Case No. 9211 dated June 19, 2019)

**THE CIR MUST SPECIFICALLY POINT OUT THE VAT OFFICIAL RECEIPTS WHICH FAILED TO COMPLY WITH THE INVOICING REQUIREMENTS UNDER THE LAW TO SUBSTANTIATE SUCH GROUND TO REVERSE A DECISION GRANTING A TAX REFUND.** Section 2, Rule 37 of the Rules of Court provides that “[a] motion for reconsideration shall point out specifically the findings or conclusions of the judgment or final order which are not supported by the evidence or which are contrary to law, making express reference to the testimonial or documentary evidence or the provisions of law alleged to be contrary to such findings or conclusions.”



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**OFFICIAL RECEIPTS AND INVOICES ARE NOT MERE SCRAP OF PAPER BEREFT OF PROBATIVE VALUE, BUT VITAL PIECES OF EVIDENCE OF COMMERCIAL TRANSACTIONS.** There is no merit in the CIR's argument that official receipts and invoices presented are hearsay. These documents are commonly recognized in commercial transactions and can be identified and testified to in court by witnesses other than the persons who prepared such documents.

**2. *3M Philippines, Inc v. CIR* (CTA Case Nos. 9213 & 9214 dated June 19, 2019)**

**DEFINITION OF JEOPARDY ASSESSMENT.** Section 3 (1) (a) of RR No. 30-2002 provides that "Jeopardy assessment shall refer to a tax assessment which was assessed without the benefit of a complete or partial audit by an authorized revenue officer, who has reason to believe that the assessment and collection of a deficiency tax will be jeopardized by delay because of the taxpayer's failure to comply with the audit and investigation requirements to present his books of accounts and/or pertinent records or to substantiate all or any of the deductions, exemptions, or credits claimed in his return."

**DISPARITY ON THE ASSESSED AMOUNTS OF THE PAN, FINAL ASSESSMENT NOTICE (FAN), AND FINAL DECISION ON DISPUTED ASSESSMENT (FDDA) DOES NOT ABSOLUTELY PROVE THAT THERE WAS NO TAX AUDIT MADE.**

**FAILURE OF THE REVENUE OFFICER TO REQUEST FOR THE REVALIDATION OF THE LOA OR THE EXPIRATION OF THE "REVALIDATION PERIOD" DOES NOT NULLIFY THE LOA NOR WILL IT AFFECT THE RULES ON THE REGLEMENTARY PERIOD WITHIN WHICH AN ASSESSMENT MAY BE VALIDLY ISSUED.**

**WITHHOLDING TAXES ARE INTERNAL REVENUE TAXES WHICH ARE SUBJECT TO THE PRESCRIPTIVE PERIOD OF 3 YEARS UNDER SECTION 203 OF THE NIRC.** The CIR alleged that the withholding tax assessments are not for the petitioner's personal tax liabilities but for failure of the petitioner to withhold and remit the taxes that it is duty bound to collect as agent. Being penalties, the CIR argued that the said assessments were not covered by the prescriptive period under Section 203 of the NIRC. The CTA held that considering that the subject withholding taxes are internal revenue taxes of taxpayers for whom the petitioner acted as withholding agent, such taxes are subject to the prescriptive period of three years under Section 203 of the NIRC.



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3. *Amparo Shipping Corporation v. Commissioner of Internal Revenue* (CTA Case No. 9387 dated June 28, 2019)

**LOA ISSUED BY AN OIC-ASSISTANT REGIONAL DIRECTOR VOID.** It is clear from Sec. 10(c) of the 1997 NIRC and RMO No. 43-90 that as a general rule, only Regional Directors, the Deputy Commissioners and the Commissioner himself have the requisite authority to sign LOAs. Revenue officials other than the three aforementioned may sign the LOAs but only upon prior authorization by the CIR.

**THAT THE OIC-ASSISTANT REGIONAL DIRECTOR SUBSEQUENTLY BECAME THE REGIONAL DIRECTOR DID NOT CURE THE DEFECT IN THE LOA.** The fact that OIC-Assistant Regional Director of Revenue Region No. 13 did not cure the defect in the LOA. The validity of the LOA should be reckoned from the time of its issuance.

**WAIVER OF STATUTE OF LIMITATIONS VOID IF IT DOES NOT CONTAIN DATE OF ACCEPTANCE BY THE BIR.**

4. *PCI Management Solutions, Inc v. CIR* (CTA Case No. 9038 dated July 2, 2019)

**REITERATES THE RULE THAT IF THE TAXPAYER FAILS TO FORMALLY NOTIFY THE REVENUE DISTRICT OFFICER THAT HAS JURISDICTION OVER ITS FORMER LEGAL RESIDENCE AND/OR PLACE OF BUSINESS OF ITS CHANGE IN ADDRESS, ANY COMMUNICATION SENT TO THE TAXPAYER'S FORMER LEGAL RESIDENCE OR PLACE OF BUSINESS SHALL BE VALID AND BINDING FOR PURPOSES OF COUNTING THE PERIOD TO FILE THE REPLY OR PROTESTS.**

## II. BUREAU OF INTERNAL REVENUE

### a. Revenue Regulations

*Revenue Regulations No. 8-2019* (dated April 15, 2019, published on June 26, 2019)



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This amends Section 9 (Time and Place of Filing Estate Tax Return and Payment of Estate Tax Due) and 10 (Payment of Tax Antecedent to the Transfer of Shares, Bonds, or Rights and Bank Deposits Withdrawal) of RR No. 12-2018, indicating the procedure and appropriate BIR form therefor.

## **b. Revenue Memorandum Circulars**

### **1. Revenue Memorandum Circular No. 64-2019**

(dated May 31, 2019, issued on June 18, 2019)

This clarifies certain substantive and procedural requirements in the issuance of Delinquency Verification Certificates (“DVC”) for the processing of claims for VAT credit/refund. The circular:

- States that taxpayers filing a claim shall have no outstanding tax liabilities as defined under Section II (1) of RMO No. 11-2014. These outstanding tax liabilities refer to Accounts Receivable/Delinquent Account (“AR/DA”) which are taxes due from a taxpayer arising either from self-assessed tax liabilities or final and executory deficiency tax assessments issued by the BIR.
- Reiterated the specific offices allowed to issue DVCs for certain taxpayers. For Non-Large Taxpayers, DVCs shall be issued by the Collection Division of the Regional Office and Accounts Receivable Monitoring Division (“ARMD”) with jurisdiction over the taxpayer. For Large Taxpayers, DVCs shall be issued by the Large Taxpayers Collection Enforcement Division (“LTCED”) of the National Office or appropriate Large Taxpayers Division (Cebu or Davao), or ARMD with jurisdiction over the taxpayer.
- Provided an official uniformed DVC format.

### **2. Revenue Memorandum Circular No. 68-2019** (dated July 1, 2019)

This clarifies several issues relative to the implementation of the estate tax amnesty provisions of Republic Act No. 11213 or the Tax Amnesty Act through a list of posed questions with corresponding answers. The RMC clarified the estate tax amnesty provisions of the Tax Amnesty Act on the below matters.

- Persons qualified to avail of the estate tax amnesty.



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- Persons who should file the estate tax amnesty return.
- Whether or not all heirs are required to secure their own TIN.
- BIR form to be used in the filing of the estate tax amnesty return and the payment of the corresponding tax.
- Proper reference for purposes of valuation of properties when no zonal valuation is available at the time of death.
- Whether or not estate tax amnesty can be paid in installment.
- Whether or not the BIR will allow a partial or total withdrawal of cash in bank for payment of estate tax amnesty.
- Whether or not a taxpayer can avail of the estate tax amnesty if there is an on-going expropriation case on the subject property.

### c. Revenue Memorandum Orders

#### 1. *Revenue Memorandum Order No. 32-2019* (dated June 7, 2019, issued on June 26, 2019)

This amends the following provisions of RMO No. 32-2018, as amended by RMO No. 34-2018, and discusses the issuance of electronic Letters of Authority (“eLAs”) and those covered by the same. The RMO provides the following:

Coverage of eLAs	Audit/Investigation of taxpayers for tax returns for taxable years 2018 and onwards, if said taxpayers have gross receipts/sales falling within the threshold amounts based on revenue regions, as stated in the RMO. Furthermore, eLAs shall be issued only to taxpayers who have not been audited/investigated for the last three years.
Office audit workload of each Revenue Officer (“RO”)	The workload of each RO shall not exceed 30 cases at any one time.
Time frame for the submission of report of investigation for office audit cases	The report shall be submitted within one hundred and 120 days from the issuance of the eLA.

#### 2. *Revenue Memorandum Order No. 33-2019* (dated June 27, 2019)





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This prescribes policies, guidelines, and procedures in the processing of Estate Tax Amnesty pursuant to the Tax Amnesty Act, as implemented by Revenue Regulations (RR) No. 6-2019. It likewise imposed applicable administrative sanctions for concerned personnel who have been found remiss in their responsibilities in ensuring compliance with the prescribed policies and procedures.

### **d. Revenue Administrative Orders**

*Revenue Administrative Order No. 4-2019* (dated June 19, 2019)

This prescribes the splitting of Revenue Region (RR) No. 7 - Quezon City into RR No. 7A - Quezon City and RR No. 7B - Cubao, and RR No. 8 - Makati City into RR No. 8A - Makati City and RR No. 8B - South NCR, and redefining their areas of jurisdiction.

### **e. Joint Circulars**

**1. BIR and BOC Joint Circular No. 001-2019** (dated July 5, 2019)

Prescribes the implementing guidelines of the Fuel Marking Program (“**Program**”) under the Republic Act No. 10963 or the TRAIN Law which concerns the mandatory marking of refined, manufactured, or imported gasoline, diesel and kerosene in the Philippines, including those withdrawn from Free Zones for introduction into the Philippine territory, as well as the conduct of field and confirmatory testing to check compliance with the mandatory marking requirement.

The parties to the Program are as follows: (a) the BIR which shall ensure that all locally manufactured or refined fuel are properly marked with the Official Fuel Marker before they are removed from the refinery or place of manufacture; (b) the BOC which shall ensure that all imported fuel are marked with the Official Fuel Marker before they are released from Customs custody; (c) the importer/consignee/manufacture which shall cause and accommodate the marking of the fuel products; and (d) Fuel Marking Provider which, among others, produces the duly approved Official Fuel Marker and conducts the fuel marking. The commingling of marked and unmarked fuel is prohibited. It is likewise prohibited to export locally manufactured or refined and imported fuel which have been fully marked with the Official Fuel Marker as they are deemed for domestic consumption only.



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## III. BUREAU OF CUSTOMS

### a. Customs Administrative Orders

#### 1. *Customs Administrative Order No. 05-2019* (published on May 28, 2019)

This expressly repeals or amends CMO No. 05-2018, CMO No. 02-2018, CMO No. 11-2014, and provides new rules and regulations governing the registration of Customs Brokers transacting with the Bureau of Customs. Most notably, it prescribes special provisions relative to General Professional Partnerships (“GPP”) of Customs Brokers.

#### 2. *Customs Administrative Order No. 06-2019* (published on June 7, 2019)

This provides for the rules and regulations governing the registration of Third Parties Dealing with the Bureau, under Section 1226, Chapter 3, Title XII of the Customs Modernization and Tariff Act (“CMTA”). In particular, this Order aims to identify and recognize Third Parties that may be authorized to transact with the Bureau in relation to importation, exportation, movement, storage, and clearance of goods for and on behalf of another person; to define their corresponding duties and obligations, to provide the rules and regulations governing the conduct of Third Parties dealing with the Bureau, and to plug possible revenue leakage, prevent entry of prohibited goods and unprofessional handling of cargoes due to proliferation of fly-by-night Freight Forwarders, Consolidators, Deconsolidators, Non Vessel Owning Common Carriers (“NVOCCs”), and Logistics Providers, among other objectives.

The CAO defines Third Parties as any person who deals directly with the Bureau, for and on behalf of another person, relating to the importation, movement, storage and clearance of goods. The following are considered as Third Persons:

- Carriers
- Airline Representatives or Airline Ground Handling Agents;
- Shipping Lines or their Agents;
- Pipeline Operators;
- Freight Forwarders;
- Consolidators;
- Deconsolidators;



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- NVOCCs;
- Logistics Providers; and
- Arrastre Operators.

### 3. *Customs Administrative Order No. 07-2019* (published on June 7, 2019)

This implements the relevant sections of the Customs Modernization and Tariff Act, specifically an effective system in the issuance of the Pre-lodgment Control Order (“PLCO”) and Alert Order (“AO”) by the Commissioner, District Collector, or other customs officer authorized in writing. The PLCO shall be issued to prevent the illegal importation or release before lodging, while the AO shall result in the suspension of the processing of the Goods Declaration or shall prevent the loading of the goods onto the carrying vessel.

### 4. *Customs Administrative Order No. 08-2019* (published on June 11, 2019)

This institutionalizes a system of accounting and monitoring of movement of all incoming and outgoing containers subject to the provisions of the 1972 Customs Convention on Containers, Revised Kyoto Convention, and other international standards and customs best practices, in relation to Section 1514 of Republic Act No. 10863 otherwise known as the Customs Modernization and Tariff Act. The Customs Administrative Order prescribes the policies on admission, movement, and re-exportation of containers at the seaports. It specifically provides for, among others, the treatment, discharging, and lodging, and dwell time of containers, as well as penal provisions.

## **b. Customs Memorandum Circulars**

### 1. *Customs Memorandum Circular No. 144-2019* (dated June 18, 2019)

This notifies of the effectivity and applicability of Executive Order (E.O.) No. 82, Series of 2019 (Modifying the Nomenclature and Rates of Import Duty on Certain Agricultural Products under the CMTA). It states that all the articles specifically listed in Annex A of E.O. 82, in compliance with Section 1611 of RA No. 10863, shall be subject to the MFN rates and import duty in accordance with the schedule indicated in the Circular. Those not enumerated and those listed but represented by “XXX” shall remain in force and effect.

### 2. *Customs Memorandum Circular No. 158-2019* (dated June 27, 2019)



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This notifies all concerned of Executive Order No. 82 entitled Modifying the Nomenclature and Rates of Import Duty on Certain Agricultural Products under Section 1611 of the CMTA. Executive Order No. 82 provides for specifically listed articles such as meats and edible offals which shall be subject to the Most Favored Nation (“MFN”) rates of import duty in accordance with the prescribed schedule.

### c. Customs Memorandum Orders

#### 1. *Customs Memorandum Order No. 29-2019* (dated June 18, 2019)

This amends the Super Green Lane (“SGL”) Accreditation and Clearance Procedures to include the following:

- For shipments requiring clearance from the Bureau of Animal Industry (“BAI”)/Bureau of Plant Industry (“BPI”) such as meat, meat products, etc., the importer must submit advance copies of Bill of Lading to the respective government regulatory offices prior the issuance of the clearances. The importer shall be subject to electronic/online checking and verification before shipments can be released.
- For shipments containing frozen meat, meat products, feed additives, etc., the importer shall be subject to documentation, tagging, and clearance from the Veterinary Quarantine Station (“VQS”) Office, to control the threat of African Swine Fever and other foreign dangerous animal diseases.
- BPI/BAI shall submit monthly a list of updated accredited importers with a list of importable commodities to the Bureau of Customs.
- A list of updated requirements for accreditation with BPI/BAI shall also be circulated.

#### 2. *Customs Memorandum Order No. 30-2019* (dated June 19, 2019)

This notifies the public/stakeholders and reminds BOC officials and employees of the official list of allowed fees and charges that may be imposed and collected by the Bureau. Any unauthorized collection or illegal imposition of fees and charges shall be criminally and administratively punished. Private persons, brokers, and importers acting in conspiracy with BOC officials and employees shall also be dealt with in accordance with the law.



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### *3. Customs Memorandum Order No. 32-2019* (dated July 2, 2019)

This provides for guidelines in the implementation of Special Cargo Clearance Procedure for qualified enterprises at the ports/subports of Mindanao and Palawan, pursuant to the Brunei, Indonesia, Malaysia, Philippines - East ASEAN Growth Area (“**BIMP-EAGA**”) Economic Cooperation. It aims to facilitate trade between the countries mentioned, and to prescribe simpler customs clearance procedure in the importation and exportation of goods by creating One Stop Shop Office per district/subport for BIMP-EAGA among others.

### *4. Customs Memorandum Order No. 31-2019* (dated July 3, 2019)

This amends Section IV of CMO No. 05-2018 (Revised Guidelines for Accreditation of Importers and Customs Brokers) as to the documentary requirements for new applications and renewal of application to ensure that no accredited importers may be used as dummies thus maximizing the accountability of real importers.

## IV. SECURITIES AND EXCHANGE COMMISSION MEMORANDUM CIRCULARS

### *1. SEC Memorandum Circular No. 13, Series of 2019 – Amended Guidelines and Procedures on the Use of Corporate and Partnership Names* (dated June 21, 2019)

This amends the Guidelines and Procedures on the Use of Corporate and Partnership Names. Some key new provisions include:

- Requiring the word “OPC” either at the end or below the corporate name of a One-Person Corporation under the Revised Corporation Code;
- Providing that the stockholder of an OPC may use his/her name for the name of the company, provided that this will be accompanied with descriptive words aside from the suffix OPC;
- Providing that a single stockholder may also use the name of another person provided consent was given by the said person or if deceased, his estate. Provided that the name shall be accompanied by the descriptive words other than the suffix OPC;
- Providing that the name of a corporation or partnership that has been dissolved or whose registration has been revoked shall not be used by another corporation or partnership within five years from the approval of dissolution or five years from the



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date of revocation, unless its use has been allowed at the time of the dissolution or revocation; and

- Providing that a corporate or partnership name that has previously been used shall not be re-registered or used by another corporation or partnership for a period of three years from the date of the approval of the adoption of the new name, unless consent has been secured from the corporation that previously held the corporate or partnership name.

### 2. *SEC Memorandum Circular No. 14, Series of 2019 – Rules and Regulations Governing Crowdfunding* (dated July 10, 2019)

This covers the SEC's rules and regulations on crowdfunding ("CF"). It primarily governs the operation and use of equity-based and lending-based CF by registered persons such as brokers, investment houses, funding portals, and issuers and investors who participate in CF through online platforms. Meanwhile, CF through non-online platforms is governed by the Securities Regulation Code, rather than these CF rules. CF is defined in this SEC issuance as "the offer or sale of securities of a limited scale usually for start-ups, micro, small and medium enterprises ("MSMEs") done through an online electronic platform." Some key provisions of this issuance include the following:

- Instances when issuers of securities that use the platforms of CF intermediaries are exempt from the registration requirements under the Securities Regulation Code;
- Requirements for CF intermediaries, which in turn, are defined as registered brokers, investment houses, or funding portals which mediate the offer and sale of CF securities through their online electronic platforms;
- Ongoing obligations of CF intermediaries, including disclosure and notification obligations, due diligence obligations, and risk assessment obligations;
- Expenditure- and risk-based minimum capital requirements of CF intermediaries;
- Required fraud reduction measures of CF intermediaries;
- Account opening requirements for issuers hoping to offer securities through CF intermediaries;
- Transaction-based requirements;
- Rules relating to qualified investors;
- Rules on the completion of offerings, cancellations, and reconfirmations;
- A provision prohibiting payments for sensitive personal information;



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- A list of permitted activities for CF intermediaries;
- Disqualifications of CF intermediaries;
- Forms of intermediaries;
- Funding portal registration requirements, funding portals being defined as intermediaries organized and registered as a corporation to facilitate transactions involving the offer or sale of CF securities through online electronic platforms;
- Conditional safe harbors relating to funding portals;
- Compliance requirements for funding portals;
- Disclosure and reporting requirements for issuers;
- Disqualifications of issuers; and
- Penalties for violation of the provisions of this issuance.

3. *SEC Memorandum Circular No. 15, Series of 2019 – Amendment of SEC Memorandum Circular No. 17, Series of 2018 on the Revision of the General Information Sheet (GIS) to include Beneficial Ownership Information Rules and Regulations Governing Crowdfunding* (dated July 26, 2019)

The Circular provides guidelines for identification of beneficial owner and mandates the use of the 2019 Revision of the GIS starting 31 July 2019.