



Republic of the Philippines
NATIONAL POLICE COMMISSION
NATIONAL HEADQUARTERS, PHILIPPINE NATIONAL POLICE
OFFICE OF THE CHIEF, PNP
Camp BGen Rafael T Crame, Quezon City

MAR 13 2024

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PNP MEMORANDUM CIRCULAR

NO.: **2024-021**

**GUIDELINES AND PROCEDURES IN THE GENERATION OF DIGITALIZED
CERTIFICATE OF COMPENSATION PAYMENT/TAX WITHHELD OR
THE BIR FORM No. 2316**

1. REFERENCES:

- a. Republic Act (RA) No. 11032, also known as the "Ease of Doing Business and Efficient Government Service Delivery Act of 2018," dated May 28, 2018;
- b. RA No. 10963, or the "Tax Reform for Acceleration and Inclusion (TRAIN) Law" dated December 19, 2017;
- c. RA No. 10173, also known as the "An Act Protecting Individual Personal Information in Information and Communications Systems in the Government and the Private Sector, Creating for This Purpose a National Privacy Commission, and For Other Purposes" dated August 15, 2012;
- d. RA No. 8792, also known as the "Electronic Commerce Act of 2000 – An Act Providing for the Recognition and Use of Electronic Commercial and Non-Commercial Transactions and Documents, Penalties for Unlawful Use Thereof and for Other Purposes";
- e. National Internal Revenue Code (NIRC) of 1997, or the "Tax Reform Act of 1997," as last amended by RA No. 10963, also known as the "Tax Reform for Acceleration and Inclusion" dated December 19, 2017;
- f. Revenue Memorandum Circular (RMC) No. 24-2015, "Clarification on the Pertinent Provisions of Revenue Regulations (RR) No. 2-2015 More Particularly on the Submission of Scanned Copies of BIR Form Nos. 2307 and 2316," dated April 13, 2015;
- g. RR No. 2-2015, "Amending the Pertinent Provisions of Revenue Regulations No. 2-2006 and No. 11-2013 With respect to the Submission of Copies of BIR Form Nos. 2307 and 2316," dated December 17, 2014;
- h. Revenue Memorandum Order No. 27-2020, "BIR Digital Transformation Roadmap 2020-2030," dated July 21, 2020;
- i. RMC No. 24-2019, "Clarifications to the Amending Provisions of RR No. 11-2018 Prescribing the Submission of BIR Form NO. 2316 and Certified List of Employees Qualified for Substituted Filing of Income Tax Return (ITR)" dated February 4, 2019;
- j. RMC No. 18-2021, "Clarifications on the Filing of BIR Form Nos. 4604-CF, 1604-E and Other Matters," dated January 27, 2021;
- k. RMC No. 29-2021, "Allowing the Use of Electronic Signature (e-Signature) on Certain Bureau of Internal Revenue (BIR)

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Forms/Certificates and Providing the Policies and Guidelines Therefor" dated January 25, 2021;

- i. RR No. 2-98, "Implementing Republic Act No. 8424, "An Act Amending The National Internal Revenue Code, as amended" relative to the Withholding on Income Tax subject to the Expanded Withholding Tax and Final Withholding Tax, Withholding of Income Tax on Compensation, Withholding of Creditable Value-Added Tax and Other Percentage Taxes" dated April 17, 1998";
- m. PNP MC 2022-077, "Guidelines and Procedures in the Application and Utilization of the Philippine National Public Key Infrastructure (PNPKI) Digital Certificates for PNP Personnel," dated June 13, 2022; and
- n. PNPFS SOP Number 2021-004, "PNPFS Guidelines in the Reprinting and Authentication of the Certificate of Compensation Payment/Tax Withheld (BIR Form No. 2316)," dated November 2, 2021.

2. RATIONALE:

Over the years, the number of PNP personnel has progressively increased. Along with it, are the challenges that confronted the PNP organization, particularly in the computation, printing, distribution, and manual scanning of the Certificate of Compensation Payment/Tax Withheld or the BIR Form No. 2316.

Relatedly, the provision of Section 5 of RA No. 11032 states that all offices and agencies that provide government services are mandated to undertake cost compliance analysis, time and motion studies, undergo evaluation and improvement of their transaction systems, and reengineer the same if deemed necessary.

Recognizing the need for the improvement of transaction systems and procedures, the PNP conducted a logistical, operational, and opportunity cost analysis along with internal process flow evaluation, and found out that the current process of generating the BIR Form No. 2316 needs to be revised; hence, the crafting of this PNP MC.

3. SITUATION:

Annually, the PNP as an employer is mandated to compute, print, distribute, scan, and submit to the BIR the BIR Form No. 2316 of all PNP personnel in consonance with the substituted filing of income tax provided for by law. This process often takes considerable time and incurs logistical, operational, and manpower costs. Along with this cost is the tedious process of manual computation, printing, distribution, and scanning of BIR Form No. 2316, which is often susceptible to the risk of data errors and lags in logistics.

This resource-intensive and time-consuming procedure of generating the BIR Form No. 2316 prompted the PNP to adapt and take advantage of the rapidly developing Information Communication Technology. Relatedly, the Financial Information Systems (FIS) of the PNP paved the way for the digitalization of the BIR Form No. 2316 generation through the development of the Withholding Tax Module, as the sub-module of the Payroll Management System (PMS) and integration of the electronic copy of the BIR Form No. 2316 to Online Payslip Portal. Aside from real-time access to financial history, viewing, and printing of payslips, the PNP Online



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Payslip Portal will also provide access to an e-copy of BIR Form No. 2316 or e-2316 to all PNP personnel.

While the digitalization of the BIR Form No. 2316 is viewed to significantly streamline the process of generation and submission of Certificate of Compensation Payment/Tax Withheld to the BIR, a minor challenge such as the quality of internet connectivity is viewed to have effects on the process, particularly on the downloading of e-2316.

4. PURPOSE and SCOPE:

To provide guidelines and procedures on the processing and generation of digitalized Certificate of Compensation Payment/Tax Withheld or the BIR Form No. 2316 or the e-2316.

5. DEFINITION OF TERMS:

- a. Alpha List - alphabetical list of PNP personnel/payees from whom taxes were withheld. It is a required attachment for annual information return to the BIR.
- b. Annual Compensation Income - annualized compensation income received by a PNP personnel.
- c. Annualized Tax Computation - is a withholding tax module generated data of annual tax due and tax withheld of all PNP personnel.
- d. Authorized User - refers to active PNP Finance Service (FS) personnel who are granted access to the PNPFS Information System thereby authorized to use the system's functions and components based on the permission established by the system administrator.
- e. BIR Form No. 2316 - refers to the Certificate of Compensation Payment/Tax Withheld issued by the PNP to all its personnel every end of the year and submitted to the BIR in compliance with the provision of substituted filing of income tax.
- f. Data Security - refers to a set of measures and protocols in place in the information system to protect sensitive employee tax information from unauthorized access.
- g. Digitalization - refers to the process of converting BIR Form No. 2316 from printed hard copy format to digital format. It is the transition from manual generation of BIR Form No. 2316 to automatic online generation and access.
- h. Electronic Data Processing (EDP) – refers to the use of automated methods of generating monthly withholding tax by the PMS.
- i. Electronic BIR Form No. 2316 or e-2316 - refers to the module of the PNP Payroll Management System that could be accessed by all active



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PNP personnel to view and print a personal copy of the BIR Form No. 2316.

- j. Financial Information Management Division (FIMD) - a division of the PNPFS that is solely responsible for the data management of all financial information, including IT maintenance and administration of FS Servers.
- k. Financial Information System (FIS) - refers to an integrated set of components for collecting, storing, processing of data, and for providing information, knowledge, and digital products used and maintained by the PNPFS.
- l. Income Tax Rate - refers to the income tax rate provided by the BIR Revenue Regulations No. 8-2018.
- m. Log-in Credential - refers to a set of unique identifiers such as a username and password that enables a PNP authorized user to verify identity in order to access the digitalized BIR Form No. 2316.
- n. Non-Taxable Income - refers to the compensation received by PNP personnel that are exempted from tax.
- o. Payroll Management System (PMS) - refers to the Information System used in generating the pay and allowances of PNP personnel and systematically recording all their financial information from recruitment until their retirement/separation from the service.
- p. Personnel Copy - refers to the printed copy of BIR Form No. 2316, generally known as employee's copy.
- q. PNP Email System - refers to the system that serves as a secured and reliable digital communications platform for all official correspondence of PNP units and individual PNP personnel. All police personnel will be issued a lifetime official email account that will be used to log in to all PNP Information Systems.
- r. PNP Online Payslip Portal - refers to a web-based information wherein active PNP personnel can view/access their financial information anytime.
- s. Systems Administrator - refers to personnel of PNPFS that oversee the configuration of changes in the system; provide support to the network, and hardware; maintain security policies; troubleshoot; train and/or supervise the FS personnel concerned with access to the system and all authorized users.
- t. Substituted Filing - refers to the filing of Annual Information Return on income taxes withheld by the PNP to its personnel following the concept of tax due equals to tax withheld.

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- u. Tax - refers to the mandatory contribution of every citizen to raise revenue for nation-building.
- v. Tax Adjustments - refer to the re-computation income compensation tax on or before the calendar year and prior to the payment of the compensation for the last payroll period.
- w. Taxable Income - refers to all compensation paid to PNP personnel not otherwise exempted by law from income tax.
- x. Revenue and Collection Division (RCD) - a division of the PNPFS that is responsible for the computation, and withholding of income tax of all PNP personnel through its Withholding Tax Section.
- y. Withholding Tax on Compensation - is the means used by the PNP to collect income tax upon payment of salary of all personnel as a requisite in accomplishing the Annual Information Return of Income Taxes Withheld on Compensation or the BIR Form No. 1604-C.
- z. Withholding Tax Module - is the sub-module of the PMS that generates data on the monthly and annualized computation of income compensation and tax withholding of all active PNP personnel.
- aa. Withholding Tax Section - refers to the section of the Revenue and Collection Division responsible for the computation and withholding of income tax of PNP personnel.

6. GUIDELINES:

a. General Guidelines

- 1) The monthly and annualized income compensation tax of all active PNP personnel shall be generated through the Withholding Tax Module of the PMS;
- 2) Annual Tax adjustments shall be implemented through the Withholding Tax Module and shall be validated through manual computation;
- 3) The Certificate of Compensation Payment/Tax Withheld or the BIR Form No. 2316 of all members of the PNP shall be made available electronically and shall be known as "e-2316";
- 4) The e-2316 shall be accessible to all PNP personnel in active status through the PNP Online Payslip Portal (www.payslip.pnppms.org) which can be accessed using the log-in credentials composed of registered username and password designated to every PNP personnel (see attached Process Flow in Generating Digitalized BIR Form No. 2316);

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- 5) The Log-in credentials to be used by PNP personnel to access the system shall be the current user's name and password used to access the online payslip portal;
 - 6) Moreover, authorized users are encouraged to frequently change their password for added security measures;
 - 7) The digitalized BIR Form No. 2316 or the e-2316 for the year shall be accessible through the PNP Online Payslip portal on the 1st working day of February of the ensuing year;
 - 8) All PNP personnel are required to access, print in folio or legal size paper (8.5" x 13"), and sign the individual copy of BIR Form No. 2316 generated by the digitalized process not later than the 28th day of February;
 - 9) System and data generated through Withholding Tax Module and access to the Digitalized Form No. 2316 shall adhere to the Data Privacy Act and Freedom of Information (FOI) guidelines of the PNP;
 - 10) Confidentiality of Personal Data of PNP personnel must be strictly observed in the process of generation and access to the Digitalized BIR Form No. 2316;
 - 11) Active and retired PNP personnel may request a certified copy of BIR Form No. 2316 from the RFU and FSU of jurisdiction or at the Withholding Tax Section, RCD, PNPFS Headquarters by presenting his/her PNP or PNP retiree ID; and
 - 12) Request for a certified copy of BIR Form No. 2316 through an authorized representative is allowed upon presentation of the following requirements:
 - a) Authorization Letter duly signed by the requesting PNP personnel or Special Power of Attorney;
 - b) Photocopy of the PNP ID of the requesting personnel; and
 - c) Any government-issued ID of the representative.
- b. Responsibilities
- 1) **DICTM**
 - a) Provide technical assistance to the PNP offices/units using the PNP official email;
 - b) Conduct regular data privacy and systems integrity checks on the Withholding Tax Module of the PMS; and
 - c) Perform other tasks as directed.

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2) DPRM

- a) Submit to the PNPFS the validated master list of all active PNP personnel, including PNPA cadets every 20th day of the month;
- b) Submit to the PNPFS the validated alpha list of PNP personnel with their corresponding Tax Identification Number (TIN), registered address, and birthdate;
- c) Ensure that only validated Personnel Accounting and Information System (PAIS)-generated master file is forwarded to the PNPFS; and
- d) Perform other tasks as directed.

3) DC

- a) Oversee the implementation of this MC; and
- b) Perform other tasks as directed.

4) PNPFS

- a) Responsible for the uploading of PAIS-generated data of PNP personnel in the PMS to generate the monthly and annualized computation of income compensation tax;
- b) The RCD, PNPFS shall conduct random data cross-matching between data generated by the Withholding Tax Module and data obtained using manual computation;
- c) The FIMD, PNPFS shall plot the data of annual compensation income and tax withheld of all active PNP personnel to individual digitalized BIR Form No. 2316;
- d) The RCD, PNPFS shall ensure that the digitalized BIR Form No. 2316 and the alpha list conform to the standard file and form required by the BIR before submission to the Revenue District Office 40;
- e) The FIMD, PNPFS shall be responsible for the maintenance and administration of the Withholding Tax Module and PNP Online Payslip Portal, including the mandatory retention of 10-year data of BIR Form No. 2316 of PNP personnel;
- f) The FIMD and RCD, PNPFS shall conduct joint system audit, and/or upon recommendation of the Chief, FIMD, PNPFS; and
- g) Ensure that the system and data generated shall adhere to the Data Privacy Act and FOI guidelines of the PNP.

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c. System Administrator

- 1) FIMD PNPFS as the System administrator of the Digitalized Generation of BIR Form No. 2316 or "e-2316" and shall oversee the configuration of changes in the system; provide support to the network, and hardware; maintain security policies; troubleshoot; train and/or supervise the FS personnel concerned with access to the system and all authorized users;
- 2) PNPFS personnel who are designated as authorized users of the system shall undergo screening procedures and training as a requirement for the issuance of appropriate office orders;
- 3) RCD, PNPFS as the process owner shall assist the system administrator pertaining to the configuration of changes in the system/program; and
- 4) Perform duties as directed by D, PNPFS or as deemed necessary.

7. PROCEDURES:

a. System Trial Run Phase

- 1) System Trial Run shall be undertaken in three consecutive sessions with PNP Information Technology Management Service (ITMS) representative as observer/validator before the full implementation of the e-2316;
- 2) The existing process of printing, distribution, and authentication of BIR Form No. 2316 shall be followed while the system is in the trial run phase;
- 3) Offsite Functionality Testing using random PNP personnel Online Payslip Account shall also be conducted to validate the actual output of the digitalized BIR Form No. 2316 on the police regional offices and PNP units; and
- 4) The FIMD, PNPFS upon completion of the System Trial Run and Offsite Functionality Testing shall submit report on systems functionalities and compliance before proceeding to Implementation Phase.

b. Implementation Phase

- 1) Upon completion of the System Trial Run, PNPFS shall generate the monthly income compensation and tax withheld of all active PNP personnel through the Withholding Tax Module of the PMS;
- 2) Every 20th day of the month, PAIS Section, RMD, DPRM shall electronically transmit the PAIS-generated and validated master list of all active PNP personnel including PNPA cadets to FIMD, PNPFS;



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- 3) The FIMD and RCD, PNPFS shall process the monthly salary of PNP personnel and compute the monthly income compensation tax to be withheld, respectively;
- 4) The RCD, PNPFS shall implement the tax adjustments (*mid-year and year-end*) using the annualized tax computation through the withholding tax module of the PMS;
- 5) The FIMD, PNPFS shall plot the data of annual compensation income and tax withheld of all active PNP personnel to individual digitalized BIR Form No. 2316;
- 6) The RCD, PNPFS shall prepare the alpha list of PNP personnel/payees from whom taxes were withheld as required attachment for annual information return to the BIR;
- 7) Once the digitalized BIR Form No. 2316 are generated, FIMD, PNPFS will upload the form on the online payslip portal not later than 1st working day of February for the access and acknowledgment of all PNP personnel;
- 8) RFUs/FSUs shall account all PNP personnel under their pay jurisdiction who have accessed and printed their BIR Form No. 2316 through the PNP Online Payslip Portal and shall submit a monthly report to D, PNPFS (Attn: C, FIMD) not later than 28th day of the month;
- 9) FIMD, PNPFS shall consolidate the submitted reports from the RFUs/FSUs and shall inform the PNPFS Command Group on the compliance of personnel on access and printing of individual BIR Form No. 2316;
- 10) PNP personnel who failed to access, print, and recognize their digitalized individual copy of BIR Form No. 2316 within the prescribed period shall be made to explain why no disciplinary action should be taken against the subject personnel; and
- 11) RCD, PNPFS shall submit to the BIR not later than 31st day of January of every year the Annual Information Return of Income Taxes Withheld on Compensation BIR Form 1604-C, tax alpha list, and digital copies or the BIR Form No. 2316 of all PNP personnel qualified for substituted filing.

8. PENAL PROVISION:

Violations of this MC shall be dealt with accordingly in accordance with NAPOLCOM MC 2016-002 and 2017 Rules on Administrative Cases in the Civil Service, respectively.

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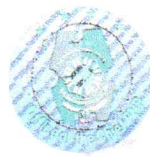


9. REPEALING CLAUSE:

All provisions of existing circulars and other issuances inconsistent with this MC are hereby rescinded, repealed, and modified accordingly.

10. EFFECTIVITY:

This MC shall take effect after 15 days from the filing of a copy hereof at the University of the Philippines Law Center in consonance with Section 4 of Chapter 2, Book VII of Executive Order No. 292, otherwise known as "The Revised Administrative Code of 1987," as amended.



[Handwritten Signature]

BENJAMIN C ACORDA, JR
Police General
Chief, PNP

- Distribution:
- Command Group
 - IG, IAS
 - Cmdrs, APCs
 - D-Staff
 - P-Staff
 - Ds, NSUs
 - RDs, PROs
 - SPA to DILG



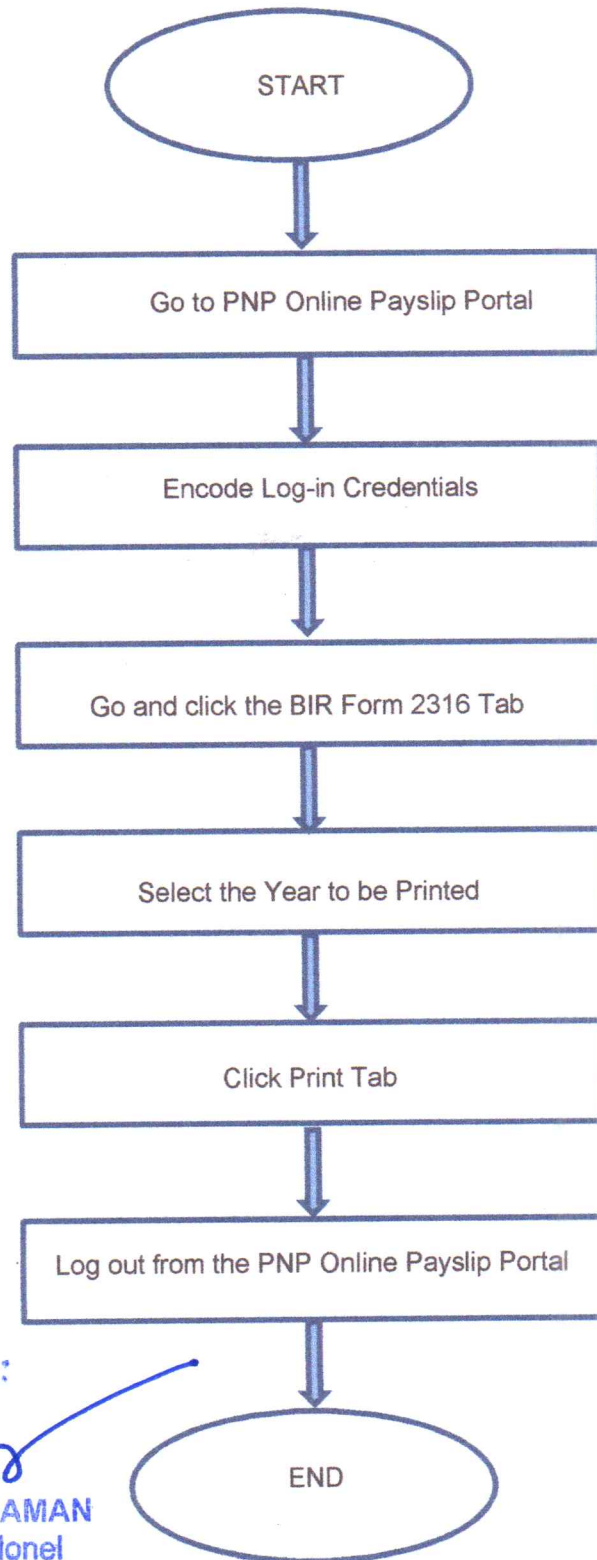
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PROCESS FLOW OF ACCESS TO DIGITALIZED BIR FORM NO. 2316 (e-2316)

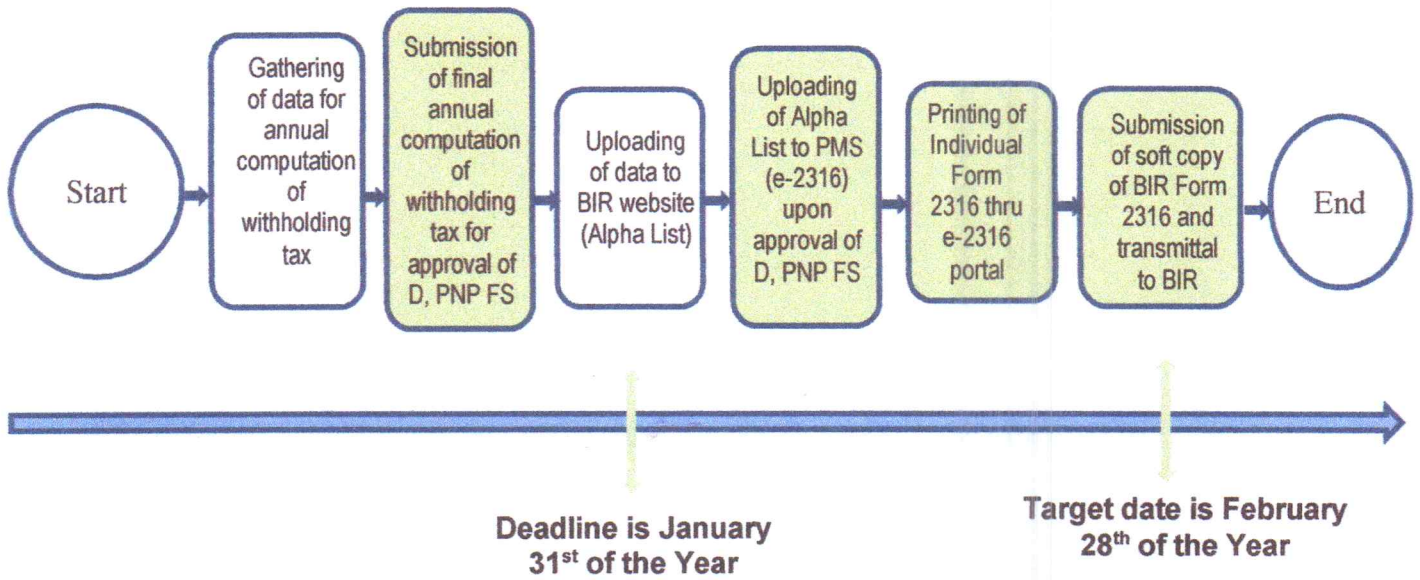


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PROCESS FLOW IN GENERATION OF DIGITALIZED BIR FORM NO. 2316



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