



Bringing In Revenues
for Nation-Building

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE



JUL 28 2026

REVENUE MEMORANDUM CIRCULAR NO. **091-2026**

SUBJECT: Clarification of the Base Amount for the Imposition of the Twenty Percent (20%) Penalty Relative to the Early Withdrawal of Personal Equity and Retirement Account (PERA) Assets, Accounts and Sub-Accounts Classified as Unqualified, and Amending Certain Provisions of Revenue Memorandum Circular (RMC) No. 4-2023

TO: All Internal Revenue Officials, Employees, PERA Administrators/ Custodians, Contributors and Others Concerned

I. OBJECTIVE

This Circular is issued to:

- Clarify, by way of illustrations, the proper determination of the base amount for the imposition of the twenty percent (20%) Early Withdrawal Penalty (EWP) under the PERA Law;
- Affirm and reiterate the applicable treatment of qualified and unqualified early withdrawals of PERA assets;
- Provide guidance on partial withdrawals, including the sale and redemption of PERA products; and
- Clarify the penalty treatment of income from PERA assets not covered by PERA exemptions, specifically exchange-traded shares and dividend income.

II. DEFINITION OF TERMS

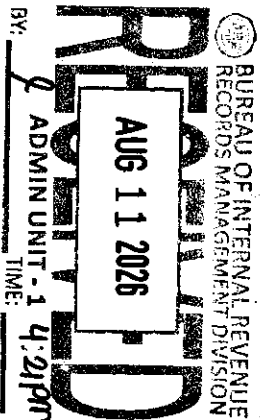
For purposes of clarity and uniform interpretation of the provisions of this Circular, the following terms shall be defined as follows:

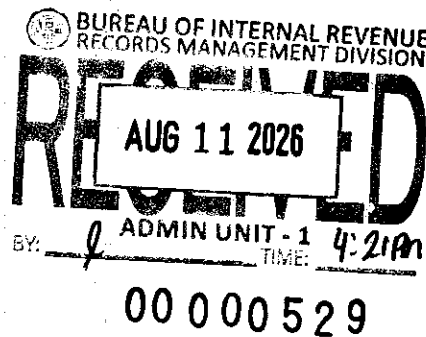
1. **PERA Assets** – refer to the aggregate assets held in the PERA at any given time, which include cash funds and PERA investment products in which such funds are invested or re-invested, together with all income earned therefrom.

Pursuant to Revenue Regulations (RR) No. 17-2011, as amended, a PERA Administrator may offer PERA investment products under the five (5) product categories, subject to the approval of the concerned Regulatory Authority.

2. **Qualified/ Eligible PERA Investment Products** – refer to the investment products duly approved by the concerned Regulatory Authority which could be any of the following:

00 000 529





- a) Unit Investment Trust Fund (UITF);
 - b) share of stock of a mutual fund;
 - c) annuity contract;
 - d) insurance pension product;
 - e) pre-need pension plan;
 - f) shares of stock or other securities listed and traded on the local stock exchange;
 - g) exchange-traded bonds;
 - h) government securities; and
 - i) any other category of investment product or outlet which the concerned Regulatory Authority may allow for PERA purposes: Provided, that product must be non-speculative, readily marketable, and with a track record of regular income payments to investors.
3. **Account** – refers to the main account corresponding to one product category of PERA investment products, as enumerated above.
4. **Sub-Account** – refers to the specific PERA investment from a different issuer under the same PERA investment product category.
5. **Qualified Early Withdrawal** – refers to a withdrawal of PERA assets, whether in full or in part, which is not subject to the EWP, where the withdrawal is made for any of the following reasons:
- a) For the payment of accident or illness-related hospitalization in excess of thirty (30) days;
 - b) Permanent or total disability of the contributor; or
 - c) Transfer of PERA Assets to another qualified PERA investment product and/or to another PERA Administrator within fifteen (15) calendar days from withdrawal thereof.
- Deduction of fees of the administrator, custodian and product provider from PERA assets after the account has been opened shall not be considered as early withdrawal, provided that such deduction is made with the consent of the Contributor.
6. **Gross Income Earned** – refers exclusively to the income component embedded in the PERA assets that are actually redeemed, sold, or otherwise withdrawn, whether in whole or in part, from the main account or any sub-account. It shall not include unrealized income, gains, or appreciation on assets that remain invested in the PERA.
7. **Unqualified Early Withdrawal** – refers to a withdrawal of PERA assets, whether in full or in part, from the main account or any sub-account, and effected either through the cash custodian under a third-party custody arrangement or directly by the contributor self-custody arrangement, where the purpose or circumstance for such withdrawal does not fall under any of the instances recognized as qualified early

withdrawals under Section II (5) of this Circular. Any unqualified early withdrawal shall be subject to the EWP.

For purposes of this Circular, proceeds from the sale of PERA investment products that are transferred to and retained in the contributor's PERA custody account, whether under a third-party or self-custody arrangement, shall not be considered an early withdrawal.

A qualified or unqualified early withdrawal from a specific sub-account shall not, by itself, result in the closure, termination, or impairment of any other sub-account, nor shall it be construed as a withdrawal from, or termination of, the entire PERA investment product category.

III. IMPOSITION OF EARLY WITHDRAWAL PENALTY

Pursuant to Section 10(C) of RR No. 17-2011, as amended, an EWP shall be imposed on any unqualified early withdrawal of PERA assets.

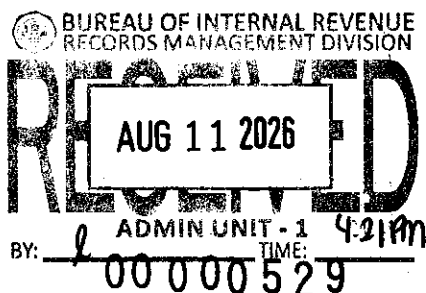
The EWP shall consist of the following:

1. Twenty percent (20%) of the Gross Income Earned attributable to the PERA assets or portion of PERA assets withdrawn, calculated from the date of opening or creation of the relevant PERA account or sub-account up to the date of withdrawal; and
2. The recovery of any five percent (5%) tax credit previously availed of with respect to such withdrawn PERA assets for the entire period.

Only the Gross Income Earned attributable to PERA assets that are actually withdrawn shall be included in the EWP base. Any Gross Income Earned that remains invested, reinvested, or otherwise retained within the PERA—including unrealized gains and proceeds from the sale, redemption, or liquidation of PERA investment products that continue to be held under PERA custody—shall be excluded from the EWP base, as such amounts have not been subject to an early withdrawal.

Accordingly, the EWP shall apply only to the Gross Income Earned attributable to the portion of PERA assets actually withdrawn and shall not affect other PERA accounts, sub-accounts, or investment product categories that remain intact. Any losses incurred in other PERA accounts or sub-accounts shall not be deductible from the Gross Income Earned attributable to the withdrawn PERA assets.

For guidance and reference, the following illustration is hereby provided:



Clarification of the Base Amount for the Imposition of the 20% Penalty Relative to the Early Withdrawal of PERA Assets, Accounts and Sub-accounts Classified as Unqualified, and Amending Certain Provisions of RMC No. 4-2023

AUG 11 2026

4:21pm
ADMIN UNIT - 1
BY:

Product Category	Sub-Account	Invested Capital	Unrealized Gain*
UITF	ABC MM UITF	₱ 20,000.00	₱ 5,000.00
	DEH Bond UITF	50,000.00	10,000.00
	GHI Equity UITF	30,000.00	3,000.00
	UITF Sub-Total	₱ 100,000.00	₱ 18,000.00
Stocks	Meralco	₱ 40,000.00	₱ 10,000.00
	PLDT	30,000.00	10,000.00
	Stocks Sub-Total	₱ 70,000.00	₱ 20,000.00
Cash/ Bank (PERA custodian)		₱ 30,000.00	—
Total PERA Assets		₱ 200,000.00	₱ 38,000.00

**Unrealized Gain becomes realized only upon sale/redemption of the relevant sub-account. EWP, if applicable, is computed only on realized gain that is actually withdrawn.*

Based on the above, the following scenarios are presented to guide the application of EWP rules:

Scenario A — One sub-account is sold and proceeds withdrawn

Action: Sold ABC MM UITF for ₱25,000.00 (capital ₱20,000.00; realized gain ₱5,000.00).

The Contributor withdraws the proceeds, where the reasons for the withdrawal are not among those cited as qualified under Section II (5) of this Circular. The realized gain of ₱5,000.00 is subject to EWP.

EWP Computation:

Realized gain actually withdrawn × 20%

₱5,000.00 × 20% = ₱1,000.00, which represents the applicable EWP on the redeemed and withdrawn proceeds.

Rule: This does not terminate the entire UITF product category. EWP applies only to realized gain from the sale of ABC MM UITF.

Scenario B — The Asset from one Sub-Account is Sold, but the Sale Proceeds are Retained in the PERA Assets

Action: Meralco stocks were sold for ₱50,000.00 (capital ₱40,000.00; realized gain of ₱10,000.00). The proceeds are retained in the PERA assets for reinvestment.

Rule: There is no unqualified early withdrawal in this case, as the funds remain within the PERA account for reinvestment. Hence, the realized gain is not subject to the EWP.

Scenario B.1 — Unqualified Early Withdrawal of Reinvested Proceeds

Subsequent Action: The entire ₱50,000.00 proceeds from the sale of the Meralco stocks are reinvested into another PERA-approved investment product. Over time, this reinvestment grows to ₱58,000.00, generating an additional gain of ₱8,000.00. The contributor subsequently executes an unqualified early withdrawal of the entire investment.

Rule: The EWP is computed based on the cumulative gross income earned by the PERA assets from the time of account creation up to the time of withdrawal. This includes both the ₱10,000.00 realized gain from the sale of the Meralco stocks and the ₱8,000.00 gain derived from the reinvestment (Scenario B).

EWP Computation:

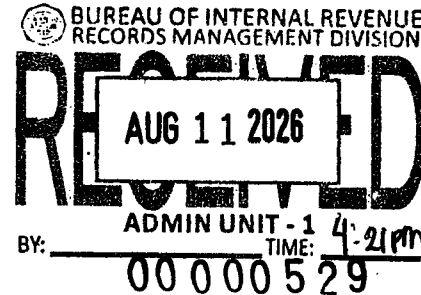
Realized gain applicable:

$$₱8,000.00 + ₱10,000.00 = ₱18,000.00$$

EWP =

$$₱18,000.00 \times 20\% = ₱3,600.00$$

Accordingly, the applicable EWP on the cumulative income earned by the PERA assets is ₱3,600.00.



Scenario C — Partial Withdrawal from a UITF Sub-Account

Action: Contributor withdrew ₱15,000.00 (50% of capital ₱30,000.00) from GHI Equity UITF, currently valued at ₱33,000.00 (capital ₱30,000.00; unrealized gain ₱3,000.00).

EWP Computation:

Realized gain applicable = $50\% \times ₱3,000.00 = ₱1,500.00$

EWP = $₱1,500.00 \times 20\% = ₱300.00$, which represents the applicable EWP on the redeemed and withdrawn proceeds.

Rule: The EWP shall apply only to the realized income corresponding to the portion of the assets in a sub-account actually redeemed and withdrawn, pursuant to Section III of this Circular.

This Circular shall be applied consistently with applicable rules and regulations issued by the relevant regulatory agency, insofar as these govern the valuation, redemption, and transfer of PERA investment products.

IV. CLARIFICATION ON GRANTS OF PERA TAX EXEMPTIONS

Under Republic Act No. 9505 and its Implementing Rules and Regulations, tax exemptions under the PERA apply strictly to PERA assets and income that remain within the PERA. Such exemptions are limited to the following:

1. The final withholding tax on interest from any currency bank deposit, yield or any other monetary benefit from deposit substitutes and from trust funds and similar arrangements, including a depository bank under the expanded foreign currency deposit system;
2. The capital gains tax on the sale, exchange, retirement or maturity of bonds, debentures or other certificates of indebtedness;

3. The ten percent (10%) tax on cash and/or property dividends actually or constructively received from a domestic corporation, including a mutual fund company;
4. The capital gains tax on the sale, barter, exchange or other disposition of shares of stock in a domestic corporation; and
5. Regular income tax.

The EWP under Section III of this Circular does not operate as a final withholding tax or as an income tax on the amount withdrawn. Rather, it constitutes a statutory penalty imposed on account of the premature withdrawal of PERA assets. The imposition of the EWP is separate and distinct from the foregoing tax exemptions and shall be attributable to the PERA assets actually withdrawn.

Accordingly, taxes that are expressly excluded from the PERA exemptions under existing laws shall continue to apply in accordance with the National Internal Revenue Code of 1997, as amended, and relevant revenue issuances, irrespective of whether the related income is derived from PERA investment products. These include, among others:

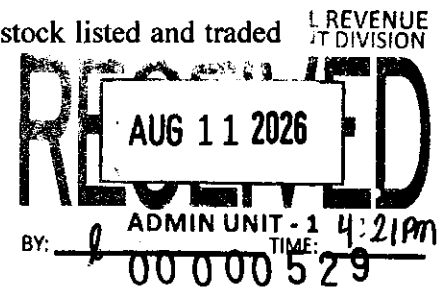
1. Percentage taxes on persons exempt from value-added tax, domestic carriers and keepers of garages, international carriers, franchise holders, overseas dispatch, message or conversation originating from the Philippines, banks and non-bank financial intermediaries performing quasi-banking functions, other non-bank finance intermediaries, life insurance premiums, agents of foreign insurance companies, amusement, and winnings;
2. Value-added tax;
3. Stock transaction tax on the sale, barter, or exchange of shares of stock listed and traded through the local stock exchange; and
4. Documentary stamp tax.

V. RESPONSIBILITY OF PERA ADMINISTRATORS

For purposes of this Circular, it is reiterated that the PERA Administrator shall be responsible for the administration, oversight, and maintenance of the contributor's PERA accounts and sub-accounts. The PERA Administrator shall likewise compute and withhold the applicable EWP from the proceeds due to the contributor, in accordance with the foregoing provisions, and shall report and remit the same to the Bureau pursuant to RR No. 2-2022 and RMC No. 45-2022.

VI. REPEALING CLAUSE

All provisions of RMC No. 4-2023, and other revenue issuances or portions thereof, which are inconsistent with the provisions of this Circular are hereby repealed, amended, or modified accordingly.



VII. EFFECTIVITY

This Circular takes effect immediately. All internal revenue officials and employees are hereby enjoined to be guided accordingly and to give this Circular as wide publicity as possible.


CHARLITO MARTIN R. MENDOZA
Commissioner of Internal Revenue



I-2/mos

