



STATEMENT OF ASSETS, LIABILITIES AND NET WORTH

MANUAL

The publication of this manual is
a joint undertaking of the:



CIVIL SERVICE COMMISSION



MILLENNIUM CHALLENGE CORPORATION
through the Millennium Challenge Account -
Philippines Threshold Program Technical Assistance Project
(MCA-PTP TAP)



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and the MCA-PTP TAP

SALN

STATEMENT OF ASSETS, LIABILITIES AND NET WORTH **MANUAL**

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THE SALN AT A GLANCE

SALN stands for Statement of Assets, Liabilities, and Net Worth.

1. The SALN consists of two forms:

1.1 The Baseline Declaration (BD), which must be accomplished only once, should contain a comprehensive listing of the declarant's Assets, Liabilities, Net Worth, Business Interests, Financial Connections, and Relatives in Government.

New entrants must submit the BD within 30 days after assumption into office, to contain information as of the first day of Government service. For incumbents, the Baseline Declaration must be submitted on or before April 30, 2008, to reflect information with cut off of December 31, 2007.

1.2 The Annual Declaration (AD), which must be accomplished every year for submission on or before April 30, where the employee has previously submitted a BD.

The first AD shall contain information starting from the day immediately following the cut-off date of an employee's BD, up to December 31 of the reporting year. The subsequent ADs of an employee shall be for the period January 1 to December 31 of each succeeding year.

The AD must also be accomplished within 30 days from separation from Government service, statements of which must cover from January 1 up to the employee's last day in office.

A comprehensive listing of ALL assets and liabilities is not needed in the AD. What need to be documented in the AD are only acquisitions and disposals of Assets; incurrence, retirement, and payment/reduction of Liabilities; creation and termination of Business Interests and Financial Connections; and Relatives joining or being separated from the Government; since the last SALN submission.

You can think of the AD as a passbook where only deposits and withdrawals from your account need to be documented.

This manual was prepared and reproduced with funds provided by the Millennium Challenge Corporation and managed by the U.S. Agency for International Development through the Millennium Challenge Account-Philippines Threshold Program Technical Assistance Project (MCA-PTP-TAP) and Rule of Law Effectiveness (ROLE) Project. The opinions expressed herein are those of the author(s) and do not necessarily reflect the views of the MCC or USAID.

2. Declarations:

2.1 Annual Gross Salary - refers to all forms of compensation (cash only) of the employee actually received from Government service, except per diems.

2.2 Annual Gross Family Income - refers to all forms of income (cash and non-cash) actually received by the declarant, spouse, and children living in household, received from ALL sources, including gratuitous acquisitions

2.3 Real Properties and Vehicles of the declarant, spouse, and children living in household must be declared regardless of value

2.3.1 For real properties, the kind of real property, the location, the estimated fair market value, and the assessed value must be reported

2.3.2 For vehicles, the type of vehicle, plate number, certificate number, and place of registration must be reported

2.3.3 For both real properties and vehicles, the mode and year of acquisition, as well as the acquisition cost, must also be reported

For Real Properties and Vehicles which are paid on installment basis, it is only when title is registered in your name that such items must be listed herein. While you are amortizing for such items and title is not in your name, you should declare your equity so far paid as Equity in Installment Purchases under Other Personal Property. It is upon transfer of title to your name that the Real Property or Vehicle may be reported as such.

2.4 Investments and Other Personal Properties

Each item of Investment or Other Personal Property of the declarant, spouse, and children living in household with a fair market value of PhP50,000 or more must be reported by checking the appropriate box and entering the acquisition cost.

If an item has a fair market value of less than PhP50,000, pool all such items together and if the aggregate value exceeds PhP100,000, these items must be listed even if the individual items are valued at less than PhP50,000. But if the aggregate value does not exceed PhP 100,000, you may declare these items collectively as "Others", or you may opt not to declare these items at all since these are not considered material.

For Investments and Other Personal Properties, which are paid on installment basis, you should declare your equity so far paid as Equity in Installment Purchases, or in some other applicable category (e.g. Stocks, Private Insurance, Educational Plans, Pre-Need Plans).

2.5 Liabilities

In the same manner, each item of Liability of the declarant, spouse, and children living in household with an outstanding balance of PhP50,000 or more must be reported by checking the appropriate box and entering the amount of the outstanding balance.

If the value of an item is less than PhP50,000, pool all such items together and if the aggregate value exceeds PhP100,000, these items must be listed even if the individual items are valued at less than PhP50,000. But if the aggregate value does not exceed PhP100,000, you may declare these items collectively as "Others", or you may opt not to declare these items at all since these are not considered material.

2.6 Business Interests and Financial Connections

Each item of Business Interest or Financial Connection of the declarant, spouse, and children living in household which gives gross annual receipts of PhP50,000 or more must be reported by providing appropriate details - the name of the owner of the item, the name, address, and nature of the business entity or financial connection, and the date of acquisition thereof.

If an item generates gross annual receipts of less than PhP50,000, pool all such items together and if the aggregate receipts exceed PhP100,000, these items must be listed even if the individual items are valued at less than PhP50,000. But if the aggregate receipts do not exceed PhP100,000, you may declare these items collectively as "Others", or you may opt not to declare these items at all since these are not considered material.

2.7 Relatives in Government

The declarant's and spouse's relatives in Government, up to the fourth civil degree of consanguinity or affinity, including bilas, inso, and balae, must be reported, by providing the name, relationship, position, and office/address of the relative.

2.8 Statement

The declarant (and spouse in Government service, in case of joint filing), must sign the Statement, provide the date of signing, TIN, and CTC details, and personally subscribe the SALN before a person authorized to administer oaths.

3. Net Worth in the BD

- the Net Worth of the declarant, spouse, and children living in household is computed in the BD as follows:

Plus:	Acquisition cost of all Real properties and Vehicles
Plus:	Acquisition cost of all Investments
Deduct:	Acquisition cost of all Other Personal Properties
Equals:	Total Liabilities
	Net Worth

The net worth is no longer computed in the AD.

4. Gratuitous Acquisitions of Assets

- Gratuitous acquisitions (e.g. donations, inheritance, winnings) of the declarant, spouse, or children living in the household must be reported as follows:







- 4.1 The acquisition must be declared as an asset (i.e., Real Property, Vehicle, Investment, or Other Personal Property), with the fair market value reported as of date of declaration, if the same is PhP50,000 or more
- 4.2 If the fair market value is less than PhP50,000, pool the item with others similarly acquired, and if the aggregate value exceeds PhP100,000, then each item must be listed. If the aggregate value does not exceed PhP100,000, the declarant may declare this in lump sum as "Others". Alternatively, if the aggregate value does not exceed PhP100,000, the declarant may opt not to declare these items at all.
- 4.3 For all assets gratuitously acquired which are listed as an asset (i.e., Real Property, Vehicle, Investment, or Other Personal Property), the fair market value must be included in the Annual Gross Family Income.

INTRODUCTION TO THE MANUAL: YOUR GUIDE

The SALN contains information about ownership of assets as well as one's liabilities. Every government employee, from the President to every rank-and-file employee, is required by law to submit this form. The governing law is Republic Act No. 6713, otherwise known as the Code of Conduct and Ethical Standards for Public Officials and Employees. The law is based on the Constitutional provision that "A public officer or employee shall, upon assumption of office and as often thereafter as may be required by law, submit a declaration under oath of his assets, liabilities and net worth. xxx"

The Civil Service Commission (CSC) "shall have the primary responsibility for the administration and enforcement" of Republic Act 6713, which among others includes the enforcement of the SALN (See Section 12 in relation to Section 8). On September 10, 2007, the CSC approved the revised form of the SALN through CSC Resolution No. 071814. This manual was prepared by the CSC to assist filers in completing the new SALN.

This manual serves as your guide in providing information for accomplishing your SALN form. Examples are included to illustrate the information required from you. The manual also uses various symbols to advise you of important things to remember. These are:

SYMBOL	- WHAT IT MEANS
	- Important information to remember
	- General instructions
	- Examples or illustrations to describe information required or message conveyed
	- Information that need not be given, reported or declared
	- Information that needs to be given, reported or declared
	- Frequently asked questions

DO TAKE TIME TO READ THIS MANUAL!

FILING YOUR SALN

Why You Must File

As a Government employee, you occupy a position that is vested with public trust. This requires you to put the public interest over and above your own. The primary use of the information on the SALN form is to exhibit transparency and accountability in public office.

The SALN is the badge of honor of the honest civil servant that must be accomplished with pride. It shows that an employee did not exploit his or her public office for illegal gain.

Who Must File

All public officials² and employees, whether regular or under temporary status, are required to file the SALN.



WHO DO NOT NEED TO FILE

- Public officials serving in an honorary capacity, without credit or pay;
- Temporary laborers; and,
- Casual or temporary (not in the regular plantilla of agency) and contractual workers.³

When To File

- **New entrant filing:** Due within 30 calendar days from assuming a position or earlier when requested by your agency's Human Resource Division or designated collecting office to support your claim for first salary. Information to be provided must be that as of declarant's first day of service.
- **Annual filing:** Due not later than April 30 of every year. The reporting period starts from the day following the cut-off date of the previous SALN declaration, up to December 31 of the reporting period.

² Under Section 2 (b) of Republic Act No. 3019, the term "public officer" includes elective and appointive officials and employees, permanent or temporary, whether in the classified or unclassified or exempt service, receiving compensation, even if nominal, from the government. Under Section 3 (b) of Republic Act No. 6713, the term "public officials" includes elective and appointive officials and employees, permanent or temporary, whether in the career or non-career service, including military and police personnel, whether or not they receive compensation, regardless of the amount.

³ As implemented by Section 1. a. Rule VIII of the Rules Implementing the Code of Conduct and Ethical Standards for Public Officials and Employees, as amended by CSC Resolution No. 06-0232 dated 1 February 2006.

- **Separation** : Due within 30 days after separation from Government service.



NOTE: Even if you are on leave from work, you are still expected to submit your SALN on or before April 30 of each year, so you need to make the necessary arrangements for timely submission.

Where to File

Accomplish the forms in triplicate and submit the same to your Human Resource Management Office (HRMO), Personnel Office, or Administration Office.

Be sure to retain a copy of your SALN and have the same received as proof of your SALN submission.

Further, under CSC Resolution No. 06-0231 dated February 1, 2006, the Chief/Head of the Personnel/Administrative Division or Unit/HRMO shall transmit all original copies of the SALNs received, on or before June 30 of every year, to the concerned offices, as follows:

WHERE TO FILE	OFFICIAL/EMPLOYEE CONCERNED
National Office of the Ombudsman	President and Vice President of the Philippines
	Chairmen and Commissioners of Constitutional Commissions and Offices
Secretary of the Senate	Senators
Secretary General of the House of Representatives	Congressmen
Clerk of Court of the Supreme Court	Justices of the Supreme Court, Court of Appeals, Sandiganbayan and Court of Tax Appeals
Court Administrator	Judges of the Regional Trial Court, Metropolitan Circuit Trial Court, Municipal and Special Courts

Continued

WHERE TO FILE	OFFICIAL/EMPLOYEE CONCERNED
Office of the President	National Executive Officials such as Members of the Cabinet, Undersecretaries and Assistant Secretaries including the Foreign Service Officers (FSO) Heads of Government-Owned and Controlled Corporations with original charters and their subsidiaries, and State Colleges and Universities Officers of the Armed Forces from the rank of Colonel or Naval Captain
Deputy Ombudsman in their respective region	Regional Officials and Employees of Departments, Bureaus, and Agencies of the National Government including the Judiciary and Constitutional Commissions and Offices Regional Officials and Employees of Government-Owned and Controlled Corporations and their subsidiaries in the region All other officials and employees of State Colleges and Universities Regional Officers below the rank of Colonel or Naval Captain including Civilian Personnel of the AFP Regional Officials and Employees of the PNP Provincial Officials and Employees including Governors, Vice-Governors and Sangguniang Panlalawigan Members Municipal and City Officials and Employees including Mayors, Vice-Mayors, Sangguniang Bayan/ Panlungsod Members and Barangay Officials
Civil Service Commission (Integrated Records Management Office)	All other Central Officials and Employees of Departments, Bureaus and Agencies of the National Government, including the Judiciary and Constitutional Commissions and Offices as well as Government-owned and Controlled Corporations and their subsidiaries Appointive Officials and Employees of the Legislature All other Central Officers below the Rank of Colonel or Naval Captain as well as Civilian Personnel of the AFP All other Uniformed and Non-uniformed Central Officials and Employees of the PNP, BJMP and BFP

In addition, under CSC Memorandum Circular 07, s. 2004, the Chief of administrative/personnel division/unit of officials and employees who are mandated by law to submit their SALN to the CSC shall transmit to the Civil Service Commission, Constitutional Hills, Batasan Complex, Diliman, Quezon City on or before June 30 of every year all original copies of the SALN received, with a list of filers arranged in alphabetical order. CSC Resolution No. 040307 requires the following prescribed format for the summary of filers:

NO.	NAME OF EMPLOYEE	TIN	POSITION	NET WORTH
1				
2				
3				
4				

QUESTION

Must all the forms in triplicate be originally signed?

Since your SALN will be submitted to various repository agencies, it is best to submit the accomplished SALN forms in triplicate originals, that is, originally signed and originally subscribed on all three originals. You may want to accomplish one SALN form, make two (2) photocopies of the same so that you do not need to re-write the entries, and then originally sign each triplicate original and have each original signed by the person administering the oath.

General Instructions

- You must provide sufficient information about assets, liabilities, and other activities. For items that are not applicable to you, please legibly state “Not Applicable” or “N/A”. If you have no information to report in any part, put "None". Also, mark or check boxes when required.
- You may use additional forms or sheets if information exceeds the spaces provided.
- The SALN consists of two forms:
 - The **Baseline Declaration (BD)**, which must be accomplished only **once**. New entrants must submit the BD within 30 days after assumption into office. The statement of a new entrant must contain comprehensive information as of his/her first day of Government

service. For incumbent employees, the Baseline Declaration must be submitted on or before April 30, 2008, with cut-off of December 31, 2007.

- The **Annual Declaration (AD)**, which must be accomplished **every year** for submission on or before April 30, where the employee has previously submitted a BD.

The first AD shall contain information starting from the day immediately following the cut-off date of an employee’s BD, up to December 31 of the reporting year. The subsequent ADs of an employee shall be for the period January 1 to December 31 of each succeeding year. The AD must also be accomplished within 30 days from separation from Government service, statements of which must cover January 1 up to the employee’s last day in office.

A comprehensive listing of **ALL** assets and liabilities is not needed in the AD. What need to be documented in the AD are only acquisitions and disposals of Assets; incurrence, retirement, and payment/reduction of Liabilities; creation and termination of Business Interests and Financial Connections; and Relatives joining or being separated from the Government; since the last SALN submission.

If the employee has nothing to declare because there have been no changes to his Assets, Liabilities, Business Interests, Financial Connections, and Relatives in Government since his/her last SALN submission, the declarant may simply accomplish Sections A, B, and G of the AD.

NOTE: Think of the new SALN as a passbook, where the first entry is the BD, and the annual entries through the AD supplement the passbook. Taken as a whole, the BD and ADs tell the financial position of the employee and his family. However, the submission of ADs must be consistent to make the financial position accurate.

QUESTIONS

I previously worked in Government. However, I resigned, and then I returned to Government service again. What form do I accomplish when I return?

You must accomplish the BD again because it would be difficult to trace the change in your assets, liabilities, and net worth during the

period when you were away from Government service otherwise. Even if the gap between the separation and return is minimal or nil, it would be best that you accomplish a new BD for your new engagement.

I entered Government service on February 28, 2008. When should I file the BD, and what should it contain? When should I file my 1st AD, and what should it contain?

Since you entered government after February 6, which is when the new SALN form takes effect (15 days from the publication on January 21, 2008, with a second publication on January 22, 2008), you must submit your BD within 30 days from assumption to office, or on or before March 29, 2008, to contain statements as of February 28, 2008. On or before April 30, 2009, you must file your first AD to cover the period February 29, 2008 to December 31, 2008.

i NOTE: When you make an entry for the acquisition of an asset, use the acquisition cost. If asset is acquired gratuitously, declare the fair market value of the asset. Remember to include the fair market value of assets gratuitously acquired in the Annual Gross Family Income.

4. In general, the SALN requires the following information:
 - Declarant’s Personal Information and Employment
 - Assets, Liabilities, and Net Worth
 - Business Interests and Financial Connections
 - Relatives in the Government
 - Statement
5. The section on declarant’s Personal Information and Employment is intended to elicit information about you, your family, and your employment in Government. Information about your spouse and children is needed because it is likely that their assets and liabilities are determined by your financial resources, and/or that their assets and liabilities affect your financial standing.
6. The section on Assets, Liabilities, and Net Worth applies to information pertaining to you, your spouse (if any), and any children below 18 years of age living in your household.
7. The section on Business Interests and Financial Connections refers to information pertaining to you, your spouse (if any), and any children below 18 years of age living in your household.
8. The section on Relatives in Government refers to you and your spouse’s relatives in Government service.

9. The Statement requires that you (and your spouse, in case of joint filing), sign, and personally subscribe and swear to the contents of the SALN form before a person authorized to administer oaths under the law.
10. If you believe that there is information that you need to disclose other than that required in the SALN form, feel free to use extra sheets to fully explain your disclosures in the SALN to accurately depict your financial condition and transactions.

i NOTE: Spouse means your legal husband or wife, as the case may be. You must provide information about your spouse, regardless of the status of marriage, except only: (i) when the marriage has been declared null and void, with finality (ii) when the marriage has been annulled, with finality; or (iii) when there is a final decree of legal separation between you and your spouse.

You must provide information for all your children below 18 years of age living in your household, regardless of legitimacy or illegitimacy.

In the future, you may be required to produce documentation to support your entries in your SALN form. Bear this in mind when you accomplish your SALN.

? QUESTIONS:

My spouse and I are estranged and live apart, but we continue to be married because we have not sought any annulment or declaration of nullity of marriage. Should I continue to disclose information about my spouse too?

Yes, considering that you continue to be married to your spouse, you must continue to declare information about your spouse’s Assets, Liabilities, Net Worth, Business Interests, and Financial Connections.

Should I include information about my child who is 18 years old or above living in my household?

No, because your child is already an adult and is therefore presumably capable of earning income on his or her own, even if he or she may be living in your household.

Should I include information about my children who are below 18 years old but are not living in my household?

No because in such a case, while your children may be below 18 years old, they are presumably capable of providing for themselves, since they are no longer living in your household.

I maintain more than one house, and some of my minor children live in my other houses. Should I declare information about such minor children in my SALN?

Yes, because your other houses constitute an extension of your household.

Should I include information about other family members whom I financially support and who live in my household, but who are not my spouse or minor children?

No, do not include information about such other family members, although you may be supporting them or they may be living in your household.

I am sending my minor child to school in another country. Should I include information about such child in my SALN even if he is not living in my household?

Yes, because in this case, the school is virtually an extension of your household. Besides, the spirit of the law requires that minor children who are financially dependent on their parents be included in the SALN.

I am sending my child, who is above the age of majority, to school in another country. Should I include information about such child in my SALN?

No, because your child is already of age and is presumably capable of supporting himself/herself financially.

I am a Muslim and have more than one spouse. Must I include information for all my spouses?

Yes, you must include information for all your spouses. Use additional sheet(s) as may be necessary.

THE BASELINE DECLARATION

PERSONAL INFORMATION AND EMPLOYMENT



Report for Yourself, Your Spouse (if any), and any Children below 18 years of age living in your household

Annual Gross Salary - refers to all remuneration (cash only) from Government service, however designated, including salary, honoraria, bonuses, allowances, incentives, etc., expressed in Philippine Pesos, actually received, for one calendar year.



Do not report as part of your Annual Gross Salary, per diems given to you by your office because these amounts are meant to cover actual expenses incurred by the employee in the course of activities in relation to employment



Do not report non-cash benefits received from your Government service as part of your Annual Gross Salary.



Do not report income from other sources, such as private employment or engagement, businesses, assets, commissions, investments, gratuitous acquisitions, etc. should not be declared here, since this information should instead be reflected under Annual Gross Family Income.

Annual Gross Family Income - refers to your income (both cash and non-cash) combined with those of your spouse and any children below 18 years of age living in your household, expressed in Philippine Pesos. The Annual Gross Family Income is intended to compare your family's earning capacity against those of your Assets, Liabilities, and Net Worth. This entry should include ALL forms of remuneration/income/profit/return, and those of your family, from whatever source and in whatever amount and form, including the fair market value of assets **gratuitously acquired**.



NOTE:


- Gratuitous acquisitions of ANY KIND, that is, winnings, inheritance, and donations to you, your spouse, or children below 18 years of age living in your household **MUST** be reflected in the Annual Gross Family Income. This is considered income for purposes of comparing with

acquisitions of your assets. It is the fair market value of these properties gratuitously acquired as of the time of declaration that must be included in the Annual Gross Family Income.

- Include in the Annual Gross Family Income properties gratuitously acquired when the fair market value of each such property exceeds PhP50,000. NOTE that the properties gratuitously acquired must also be separately reported as assets, with the fair market value also to be reported.
- For other items of Annual Gross Family Income (i.e., other than those gratuitously acquired), you must declare the same even if the PhP50,000 threshold amount is not reached.

Examples of what constitute Annual Gross Family Income

- Salaries from Government (which includes your Annual Gross Salary)
- Salaries and other remuneration from other employment or engagement, such as honoraria, allowances, etc.
- Income from businesses and assets (e.g. rental income from real properties, vehicles)
- Commissions
- Return on investments
- Gains from disposals or liquidation of assets
- Interest from deposits
- Dividends from shareholdings
- Income from partnerships and joint ventures
- Cash donations
- Winnings from sweepstakes and other activities of chance
- Donations and inheritances of real and personal properties (fair market value)

 **Do not report: You do not need to report earned, but UNCOLLECTED INCOME as of the reporting date.**

 **Do not report: LOSSES from transactions in your Annual Gross Family Income.**

QUESTIONS:

My spouse works abroad and earns in a foreign currency. How do I declare his/her earnings?

You should compute the equivalent amount of the earnings in Philippine Pesos, based on the foreign exchange rate as of the date of declaration

I am a new entrant; how do I compute my Annual Gross Salary?


The Annual Gross Salary should reflect the actual amount you received from Government service. Since you are a new entrant, you have not received any salary from Government as of the date of your BD, i.e., first day in Government service. Hence, this should be Zero.

I am a new entrant; what is the period for determining my Annual Gross Family Income?

The Annual Gross Family Income should reflect the actual amount received. You should compute your Annual Gross Family Income from January 1 of the current year, ending on the 1st day of your Government service.

I sold my car at a profit; how do I compute the income from the sale which will be included in the Annual Gross Family Income?

Deduct the acquisition cost of the car, adjusted due to depreciation, from the gross amount for which you sold the car, and this constitutes your income from the sale, which must be included in the Annual Gross Family Income. However, for purposes of reporting the conversion of the car into some other form of asset (e.g. shares of stock), it is the gross amount which you must report as the acquisition cost of the shares of stock.

 Example: A car which you bought for PhP100,000, with value adjusted due to depreciation to PhP90,000, was sold for PhP120,000. You should report as part of your Annual Gross Family Income the amount of PhP30,000.

On the other hand, if you used the full amount of the proceeds of PhP120,000 to purchase shares of stock, the amount of PhP120,000 should additionally be reported under Stocks.

ASSETS, LIABILITIES, AND NET WORTH

ASSETS

Report for Yourself, Your Spouse (if any), and any Children below 18 years of age living in your household

Assets refer to any property; anything which are or may be the object of appropriation or use; anything by which liabilities can be paid; anything of value; any probable future economic benefit obtained or controlled by the declarant as a result of past transactions or event.

WHAT ASSETS MUST BE DISCLOSED

General Instructions

1. Acquisition Cost for all Assets: As a general rule for all assets, the acquisition cost is the amount you paid for the acquisition of the asset. If acquired gratuitously, the acquisition cost is the fair market value at time of declaration.

QUESTION:

What is acquisition cost?

This refers to the amount paid in obtaining ownership over the property. If the property was acquired gratuitously, as from a donation or inheritance, the acquisition cost is the fair market value.

What constitutes acquisition cost depends on the manner through which an asset is acquired. Table 1 provides modes of acquisition and the related determination of acquisition cost.

Table 1: Modes of Acquisition with Corresponding Determination of Acquisition Cost

MODE OF ACQUISITION	ACQUISITION COST
Cash purchase	Purchase price Add: Other expenditures required in obtaining the asset and preparing it for use
Exchange for non-monetary asset	Fair market value of new asset acquired, or fair market value of non-monetary asset given up in exchange, whichever is more clearly determinable
Debt/equity swap	Record acquisition cost of asset received at current fair market value
Construction	All direct expenditures incurred to build the asset and make it ready for its intended use (except your own labor)

 **EXAMPLES:**

I acquired a piece of real property worth PhP100,000 in exchange for services rendered valued at PhP80,000. What is the acquisition cost of the real property?

Since it is the value of the real property which is more clearly determinable than the value of the services, you should value the acquisition cost of the real property at PhP100,000. The income of PhP20,000 due to the difference in the amount of the real property received and the value of the services rendered needs to be declared in the Annual Gross Family Income.

A person owing me a debt in the amount of PhP700,000 decided to do a dacion en pago/dation in payment, or payment through property. As settlement for the debt, my debtor gave me a brand new car with a market value of PhP800,000. How do I report this?

You should reduce your previously declared asset (Receivable) by PhP700,000. The car should be reported under Vehicles, with an acquisition cost of PhP800,000. The income of PhP100,000 due to the difference in the amount of the debt and the value of the car needs to be declared in the Annual Gross Family Income.

 **QUESTION:**

What is Fair Market Value?

The fair market value of an asset is that amount which a willing buyer and a willing seller can agree on as the purchase price of the property. It can also refer to the cash equivalent price that could be obtained by selling an asset in an orderly liquidation.

Table 2 provides sample sources of information on Fair Market Value for some assets.

Table 2: Sample Sources of Information on Fair Market Value

ITEM	SOURCES OF INFORMATION ON FAIR MARKET VALUE
Real Property	Real estate companies, brokers, developers, appraisers, historical transactions in the same vicinity
Vehicles	Car dealers
Stocks, bonds Mutual funds	Stock exchanges, brokerage firms, financial institutions websites, newspapers Financial institutions'/banks' investment department, websites
Trust funds	Trustee, fund manager
Time deposits	Financial institutions, banks, these entities' websites
Money market	Financial institutions, banks, these entities' websites
Equity in partnerships	Financial report of the partnership
Cash in bank	Bank statement, ATM receipt, Passbook balance
Furniture	Malls, appliance centers, second-hand dealers (e.g. HMR)
Jewelry	Jewelry stores, appraisers, pawnshops, alajeras

? **QUESTIONS:**

I obtained an asset with a fair market value of PhP50,000 at no cost; should I still declare it? How do I declare it?

Even if you obtained the asset at no cost (e.g. it was donated to you or is being held in trust by you), you should declare the item and check the appropriate box. Put in the fair market value as the acquisition cost.

2. Real Properties and Vehicles: The SALN requires the declaration of all acquisitions and disposals of real properties and vehicles, regardless of amount.
3. Partial payments for Real Properties and Vehicles:

? **QUESTIONS:**

I purchased a house and lot on installment, and title will only transfer to me upon full payment. Should I declare the house and lot as my asset now under Real Property?

Since title has not transferred to you as you continue to pay for the property, you should not declare the house and lot as real property yet. Instead, your total payments, or what is called as equity, should be reported as Equity in Installment Purchases under Other Personal Property. Even though your contract to purchase the property may be registered with the register of deeds (and is therefore a real right, constituting real property under the Civil Code), for uniformity of treatment with other assets acquired by installment purchase, the amount of the equity should be reported as Equity in Installment Purchases under Other Personal Property.

The outstanding balance on your purchase should not be reflected as a Liability.

However, once you make **full** payment for the house and lot, and title transfers to you, then you should deduct the total amount of all payments made for the house and lot from Equity in Installment Purchases, and make a new entry for House and Lot under Real Property in the AD, indicating the full amount of the acquisition cost of the house and lot, as well as the other required details.

I purchased a memorial plan, which involves a lot, on installment. How do I report this?

While you are still paying for the memorial plan and there is no title to the lot registered in your name, you should report your payments under Pre-Need Plans, which is an Investment Item.

However, once you have fully paid for the plan and a title to the memorial lot is issued to you, you should transfer the asset to the table on Real Property. Remember to take out the amount of the payments made for the plan from the Pre-Need Plan since you have already transferred the asset as a Real Property.

I acquired a house and lot through financing from the Government Service Insurance System (GSIS), which allowed title transfer to my name and the simultaneous creation of a mortgage on the title as I paid my amortizations. The mortgage will be extinguished upon full payment of my loan. How do I report this?

Since title to the house and lot has already been transferred to your name, you should report the House and Lot under Real Property, with complete details.

i **NOTE:** The same rule applies to acquisition of Vehicles by installment purchase, or financing. While you are still paying for the Vehicle and the title has not been transferred to you, you report your total payments under Equity in Installment Purchases. The outstanding balance should not be reported as a Liability. It is when title is transferred to you that you should report the vehicle under Vehicles and provide full details and take out the corresponding entry from Equity in Installment Purchases.

However, in case of financing arrangements where the Vehicle is already registered in your name as you pay for the financing monthly, and a mortgage is constituted on the Vehicle, you declare the Vehicle under the table Real Properties and Vehicles, and report the mortgage as a Mortgage Payable.

4. Improvements to Real Property: In case of improvements introduced into Real Property which must be capitalized, make separate entries for each improvement made. The assessed value may be obtained for each phase of improvement, or for the whole structure, depending on the records of the local assessor's office.

Example:

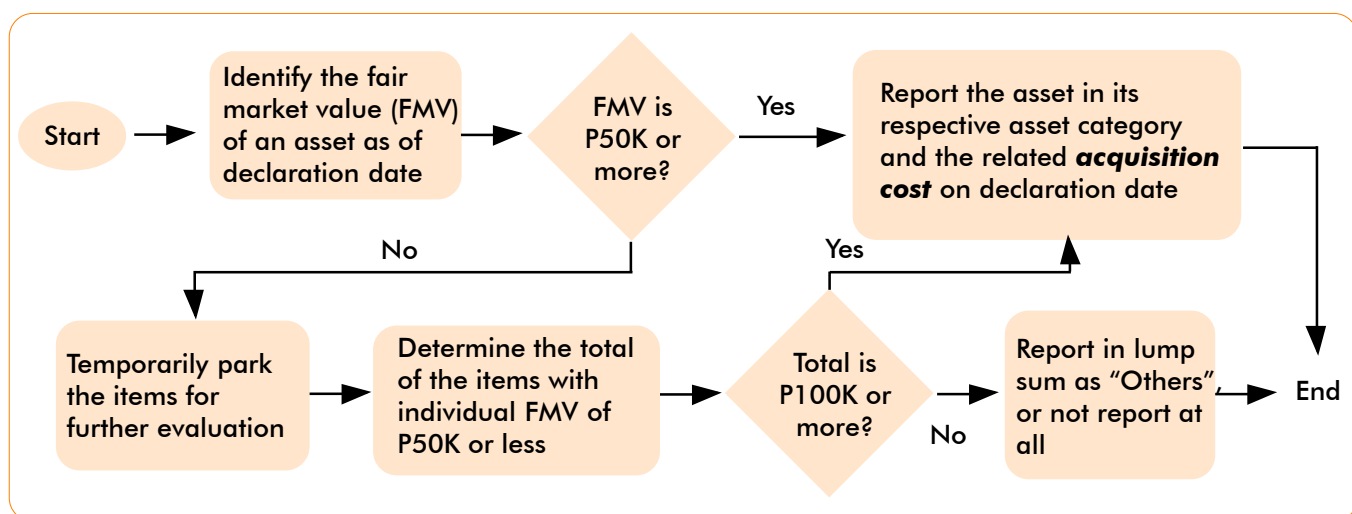
I bought a lot in 2007 and constructed a house in the same year. In 2008, I constructed an extension of the house. How do I report this? The House and Lot can be declared in a single entry for 2007, in the BD to be submitted on April 30, 2008. On the other hand, the Building/Improvement which was constructed in 2008 should be reported in the AD due on April 30, 2009. The estimated fair market value can be separately made for each entry, or you may choose to combine the same into one single entry. The Assessed Value can be separately made for each entry, or you may choose to combine the same into one single entry, depending on the information available from the local assessor's office.

- When to Declare Investments and Other Personal Properties: Declaration of Investments and Other Personal Properties is required only if a particular item has a fair market value of PhP50,000 or more as of the date of declaration.

For individual items not satisfying the PhP50,000 materiality test, the declarant further evaluates the same to determine whether the aggregate value of all these items reaches a second threshold amount that is PhP100,000, in which case, an itemized disclosure is eventually required. However, if the aggregate amount of these items each with a fair market value below PhP50,000 does not exceed PhP100,000, these items may be grouped together as Others, and the total amount therefor indicated. Alternatively, if the aggregate amount does not exceed PhP100,000, the declarant may opt NOT to declare these items at all.

The following process flow may be used as a guide in determining whether or not to declare an item of Investment or Other Personal Property:

**Box 1:
Guide Process
Flow for the
Declaration of
Assets
(Investments and
Other Personal
Properties)**



NOTE: The non-declaration of properties each with fair market value less than PhP 50,000 is only an option. The employee may also choose to declare ALL of his assets, even if the fair market value of each is less than PhP50,000.

- Partial Payments for Investments and Other Personal Properties: When you acquire an Investment Item or Other Personal Property through partial payments, you must declare the total payments so far made. There are specific entries for partial payments in the following cases where you must indicate the amount of your payments made:
 - Stocks
 - Private insurance
 - Educational plans
 - Pre-need plans



NOTE: If the Investment Item or Other Personal Property that you are paying for through installment is not among those enumerated above, make your entry under the general account "Equity in Installment Purchases." You can also use this entry for payments made for Real Properties and Vehicles through installment, until such time that full payment is made and title transfers to you.

- Acquisition and Disposal of Assets Within the Same Year: When you buy an asset, and sell or liquidate it within the same year, you are no longer required to declare it as an asset since it is no longer existing as of December 31, or as of the date of reporting. You are, however, required to declare the gain arising from the sale under Annual Gross Family Income.
- Trust Arrangement: You must declare assets which are held as trustee, trustor, or beneficiary under a trust agreement. A trust is an arrangement where property is registered in the name of one person (legal owner) but is, in truth, owned by another person (beneficial owner). A trust may also be defined as an arrangement where a trustor (a person who establishes a trust) reposes confidence in a trustee as regards property for the benefit of the trustor or of another person (beneficiary).
- Special Contracts: However, you must be able to distinguish a trust agreement from special contracts, such as a loan/mutuum, commodatum, and deposit.

9.1 In a loan, a party delivers money or other consumable thing, and an identical thing of the same kind and quality shall be used to pay back the loan. For example, a loan of money requires that the same amount of money, plus interest perhaps, shall be returned by the debtor to the creditor. In a loan, ownership of the object vests in the borrower. In Filipino, this is known as “pautang”.

9.2 In a commodatum, a party delivers something which is not consumable to be used for a certain time or a particular purpose, with the obligation to return the very same thing. In commodatum, ownership remains with the person lending the thing. In Filipino, this is known as “pahiram”.

9.3 In a deposit, a party receives a thing belonging to another with the obligation of safely keeping and returning it. In a deposit, ownership remains with the person who is having the thing kept by another. In Filipino, this is known as “patago”.

The determination of the type of contract applicable to the arrangement will depend on the agreement of the parties, provided the same is not contrary to law.

EXAMPLES:

- Your sister works as an overseas Filipino worker (OFW). She gave you PhP2M to buy an agricultural land which you can toil while she is away. You register the property in your name to facilitate the sale. You must disclose this property, even if it is really owned by your sister. Being a trust arrangement, the acquisition cost is the fair market value.
- You put a vehicle you own in the name of your brother, to enable him to get a visa. The vehicle is registered in his name. You must disclose this property, even if it is registered in the name of your brother, because you really own it.
- Your mother lends you PhP20,000 which you put in your bank account. This is a loan, and the amount must be declared as an asset – cash (when the amount still exists as of declaration of date), and also as a liability, which you must pay back to your mother (loan).
- You have a wedding to attend, and you borrowed your sister’s diamond earrings to wear to the reception. You need not declare the earrings as an asset, because your sister continues to be the owner thereof (commodatum).

- Your brother was given an assignment by his company abroad, and he will be away for a few months. In the meantime, he requested you to keep his car in your house, so that you can watch over it. You need not declare the vehicle, because your brother continues to be the owner of the car (deposit).

REAL PROPERTIES AND VEHICLES



Question:

What is mode of acquisition? This refers to the manner by which the property came to be owned by you, your spouse, or your child.

You must describe how you, your spouse, or your child, acquired the property. There are various modes of acquisition.



Examples of Mode of Acquisition


- Purchase
- Donation
- Inheritance
- Trust
- Exchange
- As a consequence of contracts (Tradition) – examples are lease, pledge, deposit, purchase or sale (whether paid in installment or cash)
- Occupation – when you seize corporeal/physical things; land cannot be acquired by occupation
- Intellectual creation – through intellectual property ownership as when you are author of literary work, composer of music, painter, sculptor, scientist
- Law – automatically vests ownership over a property when requisites are met as in the case of hidden treasures or fruits naturally falling from a tree upon an adjacent land
- Prescription – through lapse of time as provided by law

REAL PROPERTIES

In general, real property is any property that is immovable such as land, buildings, trees and plants that are attached to the land, any property, painting, animal houses or objects that are attached to an immovable in a fixed or permanent manner, machinery which you intend to use in a building or land, mines, docks and contracts for public works .

Examples of Real Properties

- Vacant Lot (whether residential, commercial, agricultural, industrial, etc.)
- House and Lot
- Improvements
- Printing press equipment attached to the ground
- Condominium unit
- Townhouse
- Fruit plantation
- Real rights over immovables

 **NOTE:** However, note that in case of purchase by installment of immovables, the equity and amortizations so far paid should be declared as Equity in Installment Purchases under Other Personal Property, rather than Real Property (even if the contract may be registered with the register of deeds). It is only when the Real Property is fully paid and title transfers to the buyer that the property is declared as a Real Property in the SALN.

Questions:

What is the location of the real property that I must report?

The city or municipality where the property is located, including the province.

How do I determine the estimated fair market value of real property?


The fair market value of real property is that amount which a willing buyer and a willing seller can agree on as the purchase price of the property. You can refer to historical data, such as sales transactions of real properties, in the same vicinity.

How do I determine the assessed value of real property?

You can inquire from the Assessor's Office, the local Treasurer, or the Sanggunian in your locality for the assessed value of your real property.

What improvements on real property should I declare?

Any improvement that increases the value of your real property must be declared. Repairs and maintenance that only restore/maintain the value or condition of your real property do not need to be declared.

 **NOTE:** Remember that you must declare income derived from Real Properties as part of your Annual Gross Family Income (e.g. rental income, sale of fruits from a plantation, use of equipment in business, proceeds from sale of real properties).

VEHICLES

A vehicle is any motorized object used for transporting people or goods over air, water, or land, which requires registration with the requisite Government agencies.

Questions:

What does type of vehicle mean?

This refers to the make and model of the vehicle. (e.g. Honda CRV 2007, Toyota Camry 2005)

What does certificate of registration mean?


This refers to the number of the certificate of registration of the vehicle.


What does place of registration of vehicle mean?

This refers to the Government agency which issued the certificate of registration for the vehicle - e.g. LTO for land, MARINA for water, and ATO for air. In the case of the LTO, include the branch which issued the registration.

Examples of Vehicles


- Car
- Van
- Motorcycle
- Tricycle
- Moped (a lightweight motorcycle)
- Helicopter
- Speedboat
- Yacht

 **Do not report as vehicle: scooters (footboard mounted on two wheels and a long steering handle, used as a toy, even if the same may be motorized) since these do not need to be registered with the LTO. However, if the fair market value of the scooter is PhP50,000 or more, this must be reported as Other Personal Property**


 **NOTE:** Remember that you must declare income derived from Vehicles as part of your Annual Gross Family Income (e.g. rental income, proceeds from sale of vehicles).

 **Reminder for Real Property and Vehicles**

If anyone of you, your spouse, or child acquired Real Property or Vehicles, regardless of amount (even if you may have acquired the same at no cost, such as from a donation or trust arrangement), you have to declare these assets existing as of declaration date. If you acquired it at no cost to you, put in the Acquisition Cost equivalent to the fair market value.

 Example: My wife’s parents gave her a parcel of land as a gift. How do I declare the acquisition? Declare the Acquisition Cost equivalent to the fair market value of the land.

The Real Properties and Vehicles that you need to declare are those acquired within the reporting period and existing as of the date of declaration. So if you acquired a Real Property or a Vehicle but liquidated it in the same year, you need not declare this since it no longer exists as of the date of declaration.

 **REMINDER:** While the Real Property and/or Vehicle bought and sold within the same year is not reported because it no longer exists at date of declaration, any income from the disposal must be computed in the Annual Gross Family Income, in any case.

INVESTMENTS


An Investment is an arrangement where a person puts in money in an undertaking in expectation of profits

 **Examples of Investments**

- Stocks
- Bonds
- Mutual funds
- Trust funds
- Insurance policies
- Educational plans
- Pre-need plans
- Time deposits
- Money market placements
- Equity in partnerships
- Options (money paid to reserve a right to purchase or invest)
- Share in joint ventures

 **Reminder for Investments**

- If anyone of you, your spouse, or child acquired Investments with a fair market value of PhP50,000 or more (even if you may have acquired the same at no cost, such as from a donation), you have to declare each of these Investments existing as of declaration date. If you acquired it at no cost to you, put in the Acquisition Cost equivalent to the fair market value.

 **NOTE:** Even if you may have made several acquisitions and liquidations of the same Investment item in the course of one year, it is only the actual fair market value of the Investment item existing at the date of declaration which you must determine for purposes of declaration.

Remember to include any amount of returns from Investments in cash as part of your Annual Gross Family Income, and actual Cash existing as of date of declaration as Cash on hand/Bank Accounts as an asset.

- The Investments that you need to declare are those acquired within the period of reporting and existing as of the date of declaration.

So if you acquired an Investment but liquidated it in the same year, you need not declare this since it no longer exists as of the date of declaration.

i **REMINDER:** While the Investment item bought and sold within the same year is not reported because it no longer exists at date of declaration, any income from the liquidation must be computed in the Annual Gross Family Income, in any case.

? Questions:

How do I report investments which have only been partially paid?

It could be reported either as Equity in Installment Purchases or classified as the particular asset bought, as follows:

- Stocks
- Private insurance
- Educational plans
- Pre-need plans

The amount paid for the year should be entered as the acquisition cost.

i **NOTE:** Remember that you must declare income derived from Investments as part of your Annual Gross Family Income (e.g. dividends, returns, interest, demutualization returns, profit from joint ventures and partnerships). You must also declare any income gained from disposals of Investments in the Annual Gross Family Income.

OTHER PERSONAL PROPERTIES

In general, **personal property** is any property that is movable or can be transported from place to place. Investments are also personal property, but should be declared separately.

 **Examples of Other Personal Properties**

- Cash and Bank accounts
- Receivables
- Deposits/advanced payments on leases/rentals
- Furniture
- Antiques
- Equity in installment purchases
- Intellectual property
- Club memberships

i **Reminder for Other Personal Properties**

- If anyone of you, your spouse, or child acquired Other Personal Properties with a fair market value of PhP50,000 or more (even if you may have acquired the same at no cost, such as from a donation), you have to declare each of these properties existing as of declaration date. If you acquired it at no cost to you, put in the Acquisition Cost equivalent to the fair market value.

i **NOTE:** Even if you may have made several acquisitions and liquidations of the same type of Other Personal Property in the course of one year, it is only the actual fair market value of the Other Personal Property existing at the date of declaration which you must determine for purposes of declaration.

- The Other Personal Properties acquired during the period of reporting that you need to declare are those existing as of the date of declaration. So if you acquired Other Personal Properties but liquidated it in the same year, you need not declare this since it no longer exists as of the date of declaration.

i **REMINDER:** While the Other Personal Property bought and sold within the same year is not reported because it no longer exists at date of declaration, any income from the liquidation must be computed in the Annual Gross Family Income, in any case.

? **QUESTIONS:**

How do I treat installment purchases?

There are some things that you do not pay for in full right away, such as when you purchase something by installment. When you purchase an asset in installment, you need to declare the amounts that you have so far made. But you do not need to declare the outstanding balance as a Liability.

For example, when you purchase a lot by installment, you declare as Equity in Installment Purchases the total amount you have so far paid for the lot.

The same rule applies even if the asset purchased is personal property, e.g. a car or jewelry.

For certain Personal Property, a specific entry can be made, for the following items paid in installment:

- Stocks
- Private insurance
- Educational plans
- Pre-need plans

Whether the thing being purchased on installment is Real or Personal Property, the equity that you have so far paid is what should be reported as an asset.

Once you have fully paid for the property, then you may transfer the item from the general category of Equity in Installment Purchases to say, Jewelry, or Real Property, as appropriate.

What are deposits/advanced payments on leases/rentals? When you lease out property, including Real Property, it is the practice that you collect deposits and advance payments for the lease. These amounts should be declared as an asset.

How do I report intellectual properties that I have created?

At the time that you create your intellectual property, it may not yet have a market value and so you need not declare it because the threshold amount of PhP50,000 is not reached. However, when your creation starts getting recognized (e.g. the copyright to your song composition is bought), then that is the time it will have a market value already, and if such amount reaches PhP50,000, that is the time that you should report it.

What the acquisition cost is would depend on the direct costs you incurred in creating it (e.g. materials), as well as expenses in registering your intellectual property right or protecting it (filing fees, lawyers' fees). If nothing was incurred in creating it (e.g. a play) and the cost for filing it with the National Library or the Intellectual Property Office is insignificant, then the make the acquisition cost equivalent to the fair market value.

How do I report intellectual properties that I have purchased (not created), like the rights to the patent of an invention?

You can include as part of your acquisition cost the purchase price of the patent for the invention.



NOTE: Remember to declare your income derived from intellectual properties as part of your Annual Gross Family Income.


I have an AND/OR bank account with my friend; to what extent to I declare the amount in the bank?


Declare the full amount in the bank account.

I have an AND bank account with my friend; to what extent to I declare the amount in the bank account?

Since this is an AND bank account with your friend, you are considered joint owners, with equal shares. Hence, you need to declare only half of the amount in the bank account.

LIABILITIES

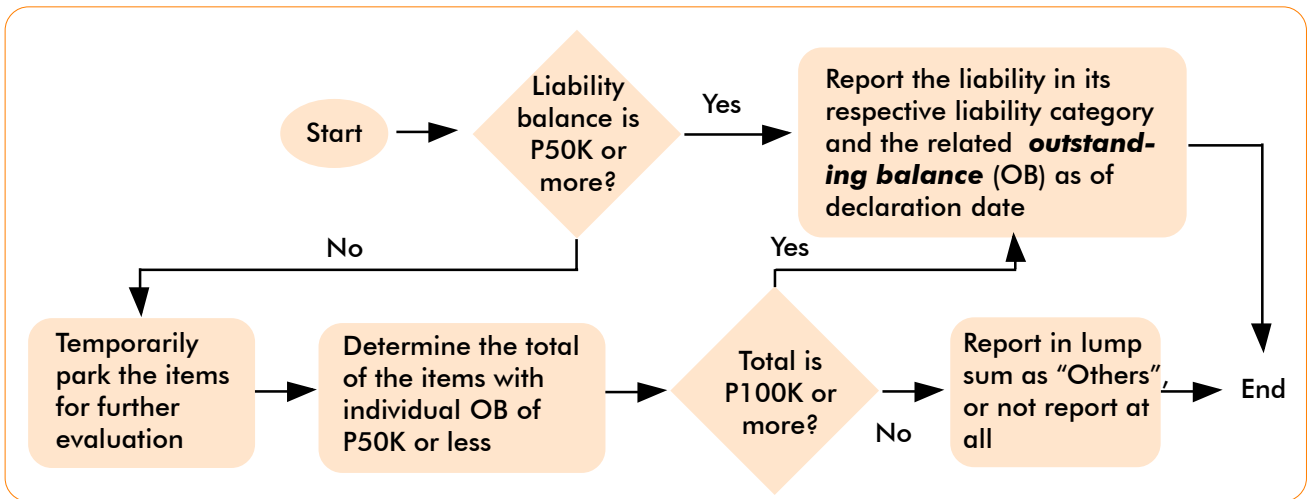
 **Report for Yourself, Your Spouse (if any), and any Children below 18 years of age living in your household.**

 Each item of Liability of the declarant, spouse, and children living in household with an outstanding balance of PhP50,000 or more as of declaration date must be reported by checking the appropriate box and entering the amount of the outstanding balance.

If an item is less than PhP50,000, pool all such items together and if the aggregate value exceeds PhP 100,000, these items must be listed even if the individual items are valued at less than PhP 50,000. But if the aggregate value does not exceed PhP 100,000, you may declare these items collectively as “Others”, or you may opt not to declare these items at all since these are not considered material.

The following process flow may be used as a guide in determining whether or not to declare an item of Liability:

**Box 2:
Guide Process
Flow for the
Declaration of
Liabilities**



WHAT LIABILITIES MUST BE DISCLOSED

In general, your liabilities have the character of debts and obligations, and you are under a condition where you are duty-bound to perform an act immediately or in the future. Liabilities are liquidated debts or claims for which one is or can be made liable and is legally bound to give. A liability is some probable future sacrifice of economic benefit arising from a present obligation of the declarant to transfer assets or provide services to other entities in the future as a result of past transactions or events.

Your creditor may be a person, group or persons or company to whom payment is due.

Examples of Liabilities:

- Personal loans
- Bank loans
- Accounts payables
- GSIS, PAG-IBIG loans
- Mortgage payables
- Surety liabilities
- Guaranty liabilities
- Judgment debts
- Loans from other institutions

 **You do not need to report taxes and fines in the SALN.**

 **QUESTIONS:**

I had my car fixed and I am being charged P60,000 for the repair, which I have not paid. Do I need to report this?

Yes, you need to report this liability because the service has already been performed and you are obligated to pay for the same.

I am not able to pay for my credit card bills. Do I need to report this?

Yes, since you have already purchased the items and are obligated to pay for the same.

I am not able to pay for utilities - electricity and water. Do I need to report this?

Yes, since the service has already been performed, and you are obligated to pay for the same.

I am a surety/co-maker/guarantor for the loan of my friend; how do I report this?

If you are a surety or co-maker, you are considered a principal debtor so you have to report the outstanding balance of the loan of your friend because you can be held liable for this amount.

However, if you are merely a guarantor, you need not declare the amount, until such time that your friend has defaulted in payment and the creditor has made a demand upon you to pay the debt.

When you have paid for such amount in your capacity as surety or guarantor, you may set up as an Asset, a Receivable, that amount which you paid and can collect from your friend.

I am disputing the amount being charged against me by my creditor; what amount do I report?

You can report the amount to the extent that the same is not disputed.

What are judgment debts?

Debts adjudged by a court with finality to be payable by you, your spouse, or children. These must be reported as Liabilities.

NET WORTH

Report for Yourself, Your Spouse (if any), and any Children below 18 years of age living in your household

How to Compute Net Worth in the BD

1. Add the Acquisition Cost of all declared Real Properties and Vehicles
2. Add the Acquisition Cost of all Investments
3. Add the Acquisition Cost of all Other Personal Properties
4. Deduct the outstanding balance of all Liabilities from the sums of 1, 2, and 3



Questions:

I have more liabilities than assets!

How do I reflect this? Report this as a negative value by parenthesizing the amount (xxx).



NOTE: You only need to compute the Net Worth once when you accomplish the BD. You do not need to compute your Net Worth in the AD in succeeding years.

Business Interests and Financial Connections

Report for Yourself, Your Spouse (if any), and any Children below 18 years of age living in your household

Business Interest is any existing interest in any business enterprise or entity, whether as proprietor, investor, promoter, partner, shareholder, officer, managing director, executive, creditor, owner, among others, *with an expectation of return on capital and industry/services (for profit)*.


Financial Connection is any existing connection with any business enterprise or entity, whether as lawyer, legal consultant or adviser, financial or business consultant, accountant, auditor, and the like, *with an expectation of remuneration for services*.

You must report all positions outside the Government held at any time during the reporting period, whether you get paid for this or not. For any business interest or financial connection, report its name, location or address, nature of business/description of activity and/or financial connection and date of acquisition or connection.

Positions include an officer, director, trustee, general partner, shareholder, managing director or executive, creditor, lawyer, legal consultant or adviser, proprietor, representative, executor, employee, financial or business consultant, accountant, auditor, investor, promoter.

Examples:

- PLDT, Makati City, Board of Director, 2000
- Jinky's Framing Services, Lagro Subdivision, Quezon City, Proprietor, 1998
- Zeny's Sari-Sari Store, Fairview Subdivision, Quezon City, Proprietor, 2004

 **Do Not Report:** Shareholdings in a stock corporation which do not entitle you to a seat in the Board of Directors. You should report this as an Investment Item instead.

General Instructions for Business Interests & Financial Connections


If anyone of you, your spouse, or child created Business Interests and Financial Connections with annual gross receipts of PhP50,000 or more, you have to declare each of these new Business Interests and Financial Connections existing as of declaration date.

Questions:

What is the difference between Stocks under Investment Item and Business Interests? Entries under Investments refer to mere placement of money.

On the other hand, entries under Business Interests and Financial Connections, while the same may include placement of money, *also includes your performance of personal services for the business, as owner, manager, shareholder, director, trustee, partner, consultant, employee, etc.*

When it is a corporation that you have shareholdings in, and where you also render personal services, that you should report this both as an asset (Stocks), and as a Business Interest.

 **NOTE:** Remember that you must declare income derived from Business Interests and Financial Connections as part of your Annual Gross Family Income (e.g. salary, allowances, honoraria, dividends, returns)

Relatives in Government Service

✓ You must report all those who are related to you and your spouse within the fourth degree of consanguinity or affinity who are working in the Government during the reporting period, including bilas, inso, and balae. State the names of these relatives, relationship, their position, and name/address of their office.

Who Are Relatives Within Fourth Degree of Consanguinity or Affinity

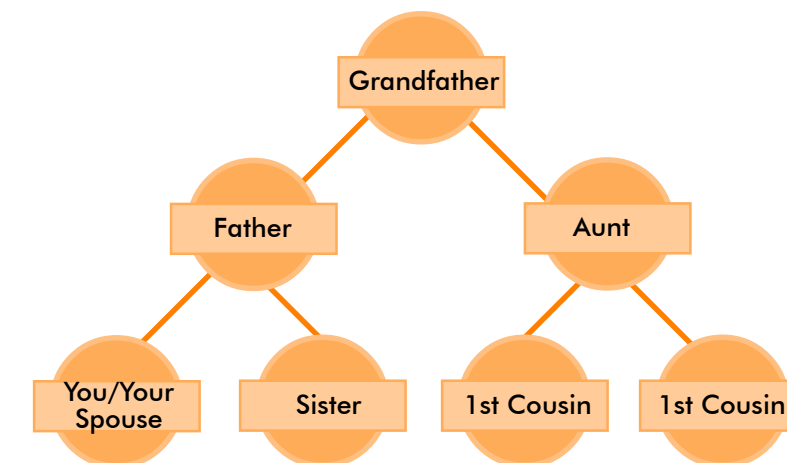
1. When counting the degree of relationship, make a diagram of your family. Count one step until you reach a common ancestor, and trace upwards or downwards until you get to the relative that you would like to determine your relation to. The number of steps to get from your position to the position of your relative constitutes the number of degrees.
2. Your relatives by consanguinity are your blood relatives. Your relatives by affinity are the blood relatives of your spouse.

i **NOTE:** You must also declare the spouses of your blood relatives, provided you are their relatives within their fourth degree of affinity -- that is, you are the blood relatives of their spouse

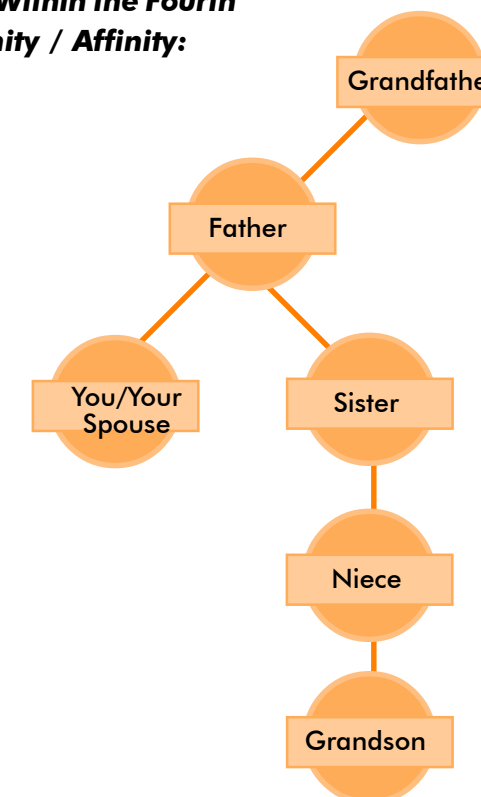
✗ **DO NOT REPORT:** Relatives of spouses of your blood relatives (because your relationship by affinity ends with the spouse of your blood relatives)

3. You and your spouse constitute the same level in your family diagram.

Examples of Relatives Within the Fourth Degree of Consanguinity / Affinity:



Examples of Relatives Within the Fourth Degree of Consanguinity / Affinity:



 **Examples:**

- Spouse (same degree as you)
- Children, stepchildren (1st degree)
- Parents, step parents (1st degree)
- Brothers and sisters, including half brothers and half sisters (2nd degree)
- Nephews and nieces (children of brothers and sisters) (3rd degree)
- Grandparents (2nd degree)
- Grandchildren (children of children) (2nd degree)
- Uncles and aunts (brothers and sisters of parents) (3rd degree)
- First cousins (4th degree)
- In-laws (blood relatives of spouse) within the same degree
- In-laws (spouses of blood relatives), provided you are their relative within their fourth degree of affinity - e.g., the wife of your uncle, the husband of your first cousin

 **Question:**

Why are balae, inso, and bilas included in the list of relatives that must be declared?

While the balae, bilas, and inso may technically not be a relative within the 4th degree of affinity, you must declare these relatives in Government service because RA6713 specifically requires it, because of the perceived usual closeness with such relatives.

 **General Instructions for Relatives in Government**

If a relative has been appointed to the Government, declare such relative's name, relationship to you, position, and name/address of office, where such relative remains in Government service as of declaration date.

 **NOTE:** You must report any qualified relative in Government, regardless of your relative's position therein.

STATEMENT

This portion pertains to your certification that your entries in the form are complete and true statements of your assets, liabilities, net worth, business interests, and financial connections, including those of your spouse and your children below 18 years of age living in your household, as well as the names of your relatives in the Government. You also certify that apart from those declared, you have nothing else to declare.


You are also required to execute the necessary authority in favor of the Ombudsman or his duly authorized representative to obtain and secure from all appropriate government agencies, including the Bureau of Internal Revenue, such documents that may show such assets, liabilities, net worth, business interests, and financial connections, including those of your spouse and your children below 18 years of age living in your household covering previous years, including the year you first assumed office in Government.

You will also need to undertake to produce all supporting documents for each of the entries herein made when required. However, you are not required, at the time of submission of your SALN, to produce such documents. It is when you receive a request to show the same, subsequent to your SALN submission, that you must produce such documents.

Finally, you must personally subscribe and swear to the contents of your SALN form before a person authorized under the law to administer oaths.

In case of joint filing with your spouse who is in Government service, please be sure that you and your spouse sign the SALN form and that you provide current and correct Tax Identification Numbers and Community Tax Certificate details for each. Both you and your spouse must also personally subscribe and swear to the contents of your SALN form before a person authorized under the law to administer oaths.

 **You do not need to get the signature of your spouse on the SALN if your spouse is not in the Government service.**

 **You also do not need to get the signature of your spouse on the SALN if your spouse is in the Government service BUT you will not make a joint filing.**

? Questions:

I am not married. What entry do I need to make in the Statement portion to indicate that I have no spouse and that the signature portion for the spouse does not apply?

Just put "N/A" in the portion on the Spouse's Signature.

My spouse is abroad and I cannot get his signature on my SALN form, and we want to make a joint filing. What should I do?

You must prepare your SALN form early and secure your spouse's signature on the SALN form by sending the document abroad for his/her signature. If your spouse executes the SALN form abroad, he/she must also have the form notarized and authenticated in the office of a Philippine consul.

If you cannot get the signature of your spouse on your SALN, it will be best for you to make an individual filing.

LIABILITIES AND PENALTIES

You may note that you are not required to attach any documents to vouch or substantiate the information disclosed. However, the SALN is made under oath. Falsification of information or failure to file or report information required to be reported may subject you to disciplinary/criminal action. Knowing and willful falsification of information required to be reported may also subject you to criminal prosecution.

Penalties under RA 6713 may be any of the following:

- Imprisonment - 5 years or less
- Fine - PhP5,000 or less
- Dismissal from the service.

ASSISTANCE IN FILLING OUT THE SALN

If you need assistance in completing the SALN form, contact the Integrated Records Management Office (IRMO) of the CSC at telephone numbers 931-7981, 931-7987, 932-2293, and 951-4628, or email queries to salninfo@csc.gov.ph.

GLOSSARY OF TERMS

ACCOUNTS PAYABLE refers to amounts owed to suppliers in the ordinary course of business

ACCOUNTS RECEIVABLE refers to amounts owed by customers in the ordinary course of business

ACQUISITION COST refers to the amount paid in obtaining ownership over property. If property is acquired gratuitously, as from a donation, inheritance, trust, or winnings, the acquisition cost is the fair market value. In the case of purchases through payment by installment, the acquisition cost reflects the amounts so far paid, which entitles the buyer to some rights over the thing purchased. In case of non-monetary consideration, certain rules must be observed in determining the acquisition cost.

AFFINITY is relationship by marriage. Relatives by affinity refer to the blood relatives of one's spouse

AMORTIZATIONS refer to regular payments made to reduce a liability, or reduce the cost of asset to be purchased

ANNUAL GROSS FAMILY INCOME in the SALN refers to the actual income of the declarant received in cash and non-cash form, combined with those of the spouse and children below 18 years of age living in the household, if any, expressed in Philippine Pesos, and includes ALL forms of remuneration/income/profit/return, from whatever source and in whatever amount, including gratuitous transactions which must be valued at fair market value

ASSESSED VALUE of real property refers to the value of the property as stated in the records of the local assessor in the Local Government Unit where the property lies

ASSETS refers to any property; anything which are or may be the object of appropriation or use; anything by which liabilities can be paid; anything of value; any probable future economic benefit obtained or controlled by the declarant as a result of past transactions or event

BALAE refers to the parents of the husband and the wife. The parents of the husband, and the parents of the wife, are mag-balae in relation to each other.

BANK LOANS refer to loans obtained from a banking institution that usually require collateral. The amount of credit that the bank will allow is a result of the assessment of a debtor's capacity to pay in relation to income, job stability, employer's credibility and the collateral.

BILAS refers to the husbands of two sisters. Hence, if sister1 is married to husband1, and sister2 is married to husband2, where sister1 and sister2 are blood sisters, husband1 and husband2 are mag-bilas in relation to each other.

BONDS are instruments which represent a loan of money to the government or a company, where you can receive interest and your principal back over a predetermined period of time

Typically, bonds have the following characteristics

- Maturity value (amount to be paid to debt holder at maturity)
- Interest rate (specifies periodic interest payments)
- Maturity date (when debt obligation will be redeemed)

BUSINESS INTEREST is any existing interest in any business enterprise or entity, whether as proprietor, investor, promoter, partner, shareholder, officer, managing director, executive, creditor, owner, among others, with an expectation of return on capital and industry/services (for profit).

COMMODATUM is a special contract where movables and immovables may be the object, where a party delivers something which is not consumable to be used for a certain time or a particular purpose, with the obligation of the recipient to return the very same thing

CONSANGUINITY is relationship by blood

DECLARANT is the Government official or employee filling out the SALN

A **DEPOSIT** is a sum of money paid in advance, e.g., in relation to a rented or leased item to ensure it is returned in good condition. A **DEPOSIT** can also mean a special contract where a party receives a movable belonging to another with the obligation of safely keeping and returning it

DISPOSITION OR DISPOSAL of assets is to transfer ownership over property to another by any means, whether by sale, donation, or otherwise, including the destruction or loss thereof

An **EDUCATIONAL PLAN** is a package that assures customers the provision of the cost or part of the cost of education when needed, in consideration of an advanced periodic payment which in sum will be less than what the policy will cover in the future

EQUITY IN INSTALLMENT PURCHASES refers to the total amount paid to the seller for property being bought over time and paid for periodically in portions

EQUITY IN PARTNERSHIP refers to an individual partner's share in a partnership's assets

The **FAIR MARKET VALUE** of an asset is that amount which a willing buyer and a willing seller can agree on as the purchase price of the property, in an orderly fashion

FINANCIAL CONNECTION is any existing connection with any business enterprise or entity, whether as lawyer, legal consultant or adviser, financial or business consultant, accountant, auditor, and the like, with an expectation of remuneration for services

FINANCING is an arrangement where funding for the acquisition of property is provided under mutually acceptable terms and conditions, at a cost to the person obtaining the funding

GROSS amount means without deduction of any value

A GUARANTY/SURETY LIABILITY is a form of debt incurred when a person or entity (called the surety or guarantor) agrees to be responsible for the debt or obligation of another (called the principal) in case of delinquency or default on the latter's part.

Traditionally, a guaranty is distinguished from a surety in that the surety's liability is joint and primary with the principal, whereas the guaranty's liability is secondary or supplementary and only arises when the principal defaults.

HOUSEHOLD is a house and its occupants regarded as a unit

IMPROVEMENTS refers to structures which are permanent additions or intended to be permanent additions to a real property

INCURRENCE OF LIABILITY is the creation of a liability

INSO refers to the wives of two brothers. Hence, if brother1 is married to wife1, and brother2 is married to wife2, where brother1 and brother2 are blood brothers, wife1 and wife2 are mag-inso in relation to each other.

An INSURANCE POLICY creates a contract between the insured (or policy holder) and the insurer. In exchange for periodic payments from the insured (called premiums), the insurer agrees to pay the policy holder a sum of money upon the occurrence of a specific event or loss specified in his or her policy, i.e. car accident, state of illness, death, reaching a certain age, etc.

INTELLECTUAL PROPERTY refers to various legal rights which attach to certain names, written and recorded media, inventions, and other creations. The holder of these legal entitlements may exercise various rights in relation to the subject matter of the intellectual property

Examples:

- Patent
- Trademark
- Copyright

INVESTMENT an arrangement where a person puts in money in an undertaking in expectation of profits, without active operation of business

A JUDGMENT DEBT occurs when a creditor, lender, debt collector, attorney, or some other party files a lawsuit against you and wins, and a judgment is made against you and the court orders you to pay a certain amount of money to the claiming party

LIABILITIES have the character of debts and obligations, and you are under a condition where you are duty-bound to perform an act immediately or in the future. Liabilities are liquidated debts or claims for which one is or can be made liable and is legally

bound to give. A liability is some probable future sacrifice of economic benefit arising from a present obligation of the declarant to transfer assets or provide services to other entities in the future as a result of past transactions or events

LIQUIDATION is conversion of assets into cash, or payment of a debt in the case of liabilities

LOAN is a special contract where a party delivers money or other consumable thing, and where the recipient returns an identical thing of the same kind and quality, but not the very same object initially delivered

MONEY MARKET PLACEMENTS refer to money invested in money market. Participants in the money market consist of financial institutions and dealers in money or credit who wish to either borrow or lend for short periods of time, typically up to thirteen months.

Examples:

- Treasury bills
- Certificate of deposits
- Commercial paper
- Preferred stock

A MORTGAGE PAYABLE refers to the debt acquired by using property (real property or personal property) as security for payment

A MUTUAL FUND is a financial intermediary that allows a group of investors to pool their money together in pursuit of a predetermined investment objective. Mutual funds are diversified investments managed by a fund manager who help put money into varied investments such as stocks, bonds, money market, real estate, etc.

OPTIONS are contracts between a buyer and a seller that give the right to buy or sell something at a predetermined price on or before a specific date

OUTSTANDING BALANCE of a liability or obligation is the remaining amount to be paid on the principal amount

PERSONAL LOANS usually pertain to small sums of money granted by personal acquaintances and friends, family, employer, or are given by the bank on credit, based on your word to repay or on account of a good track record of credit ratings, without collateral

PERSONAL PROPERTY, in general, is any property that is movable or can be transported from place to place

A PRE-NEED PLAN operates as follows - you have a future financial need e.g. education of your children, retirement, funeral expenses - which requires a substantial amount of money. You invest your money with a pre-need company who offers to help cover, partially or fully, that financial requirement when the need arises. The company pools the money it generates and puts this in investment vehicles to enable it to meet its financial obligation to you as a planholder

REAL PROPERTY is any property that is immovable such as land, buildings, trees and plants that are attached to the land, any property, painting, animal houses or objects that are attached to an immovable in a fixed or permanent manner, machinery which you intend to use in a building or land, mines, docks and contracts for public works, as well as real rights over immovable property

RETIREMENT OF LIABILITY is the full payment of a liability

SALARY is the fixed amount of money given to an employee as payment for services rendered, which consists only of the gross salary, without other benefits or emoluments. In the SALN, salary refers to all remuneration (cash only) from Government service, however designated, including salary, honoraria, bonuses, allowances, incentives, etc., expressed in Philippine Pesos, actually received, for one calendar year, excluding per diem

STOCKS are instruments which represent ownership in a company. When you invest in a company's stock or buy its shares, you own part of a company. If the company makes money, your stock will increase in value. Conversely, if the company loses money, your stock will diminish in value. It is also a means to compute how much dividends you can get if dividends are declared by the company

A SURETY/GUARANTY LIABILITY is a form of debt incurred when a person or entity (called the surety or guarantor) agrees to be responsible for the debt or obligation of another (called the principal) in case of delinquency or default on the latter's part.

Traditionally, a guaranty is distinguished from a surety in that the surety's liability is joint and primary with the principal, whereas the guaranty's liability is secondary or supplementary and only arises when the principal defaults.

THRESHOLD CONCEPT as used in the SALN, refers to the benchmark amount of Php50,000 or more, in determining whether, based on the fair market value of an Investment Item, the fair market value of Other Personal Property, the outstanding balance of a Liability, and/or the gross annual receipts from a Business Interest or Financial Connection, an item will be reported in the SALN or not

A TIME DEPOSIT is a money deposit at a banking institution that cannot be withdrawn for a certain "term" or period of time. When the term is over, it can be withdrawn or it can be held or rolled over for another term. Generally speaking, the longer the term the better the yield on the money.

TITLE is a right or claim to the ownership of property

A TRUST FUND is an arrangement whereby money or property is owned and managed by one person (or persons or organizations) for the benefit of another. A trust is created by a trustor, who entrusts some or all of his or her property to people of his choice (the trustees) for his benefit, or the benefit of another (beneficiary).