



1st PAGBA Quarterly Seminar and Meeting

Theme:

**“Public Financial Management
in a Difficult and
Changing Environment.”**

*February 13, 2019
Crowne Plaza Manila
Galleria, Ortigas Ave., Quezon City*

PAGBA 2019 1st Quarter Seminar & Meeting
February 13-16, 2019
Crowne Plaza Hotel, Ortigas, Quezon City



Updates on 2018 / 2019 BIR Rules and Regulations

Presented by

Dr. Marina C. De Guzman

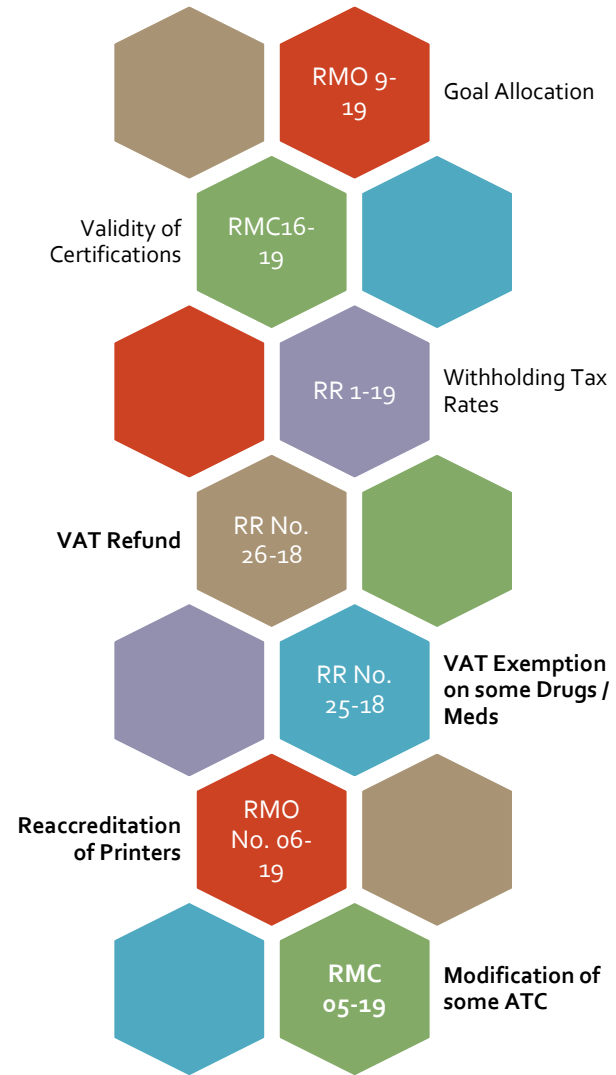
Regional Director

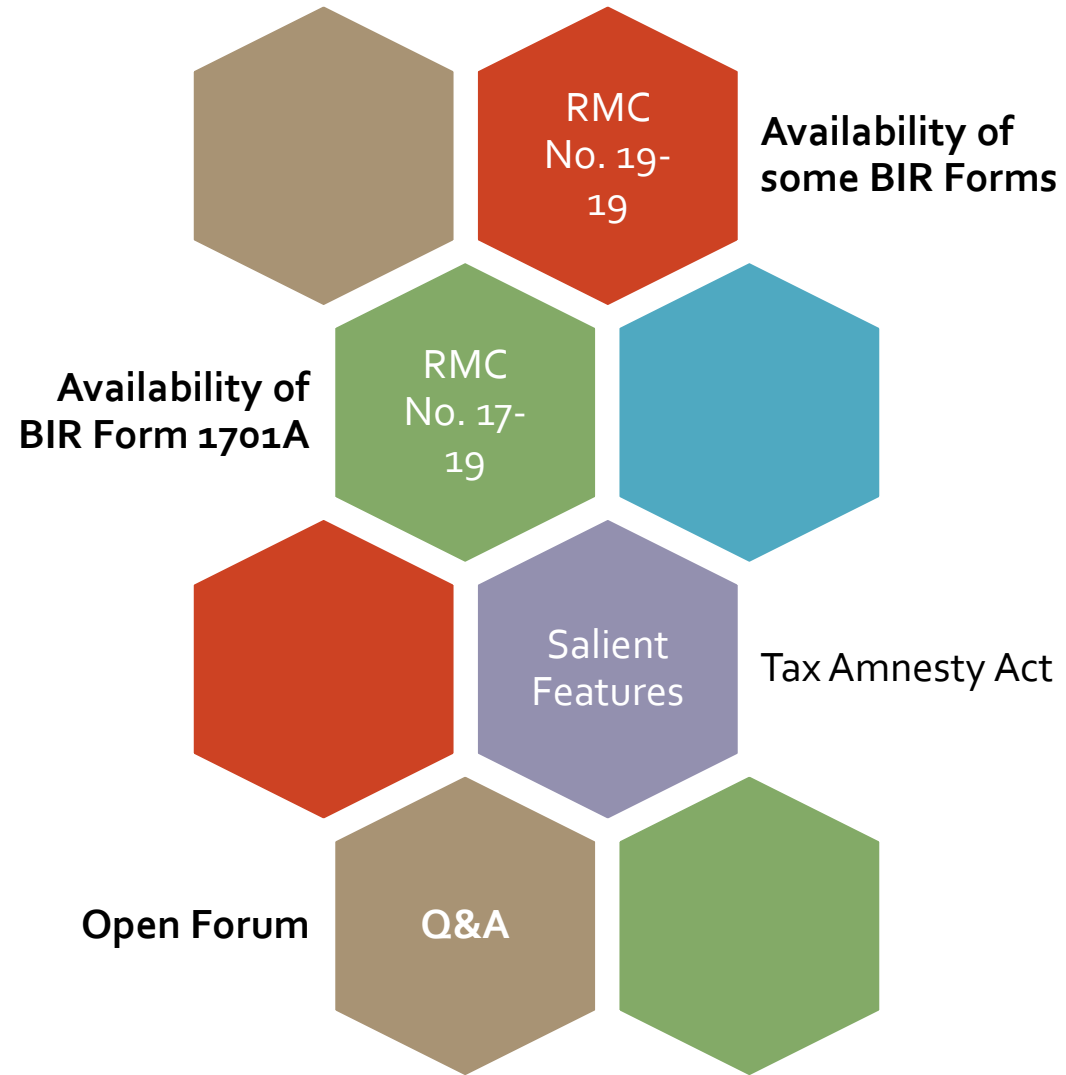
Revenue Region No. 6 – Manila

PAGBA 2019 1st Quarter Seminar & Meeting

February 13-16, 2019

Crowne Plaza Hotel, Ortigas, Quezon City





Revenue Memorandum Order No. 09-19)

(February 11, 2019)



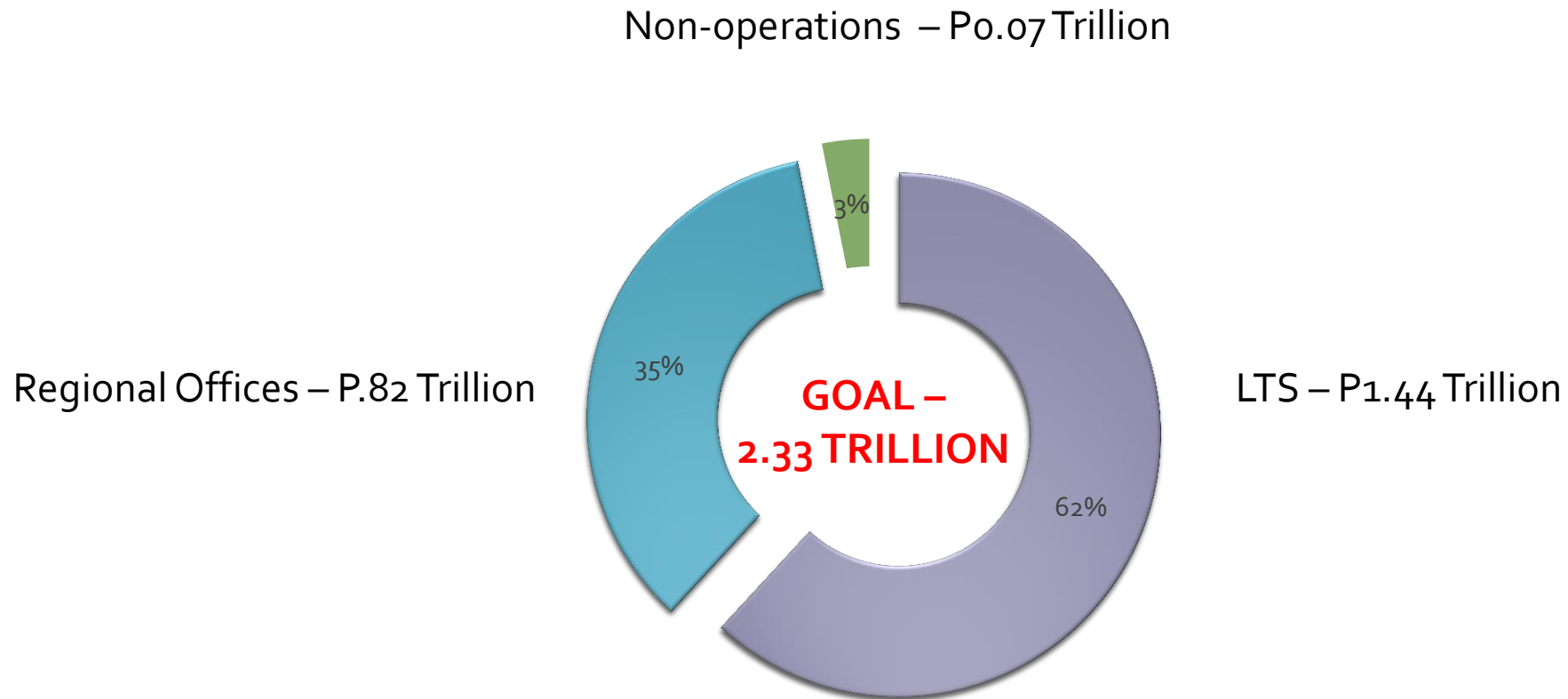
PAGBA 2019 1st Quarter Seminar & Meeting
February 13-16, 2019
Crowne Plaza Hotel, Ortigas, Quezon City

Revenue Memorandum Order No. 09-19.

Subject:

- **CY 2019 BIR COLLECTION
GOAL ALLOCATION BY
IMPLEMENTING OFFICE**

Revenue Memorandum Order No. 09-19.



Revenue Memorandum Order No. 09-19.

BIR GOAL ALLOCATION BY SEMESTER: (In Billion Pesos)

Implementing Office	1 st Sem	%	2 nd Sem	%	TOTAL	%
Operation: LTS	709.10	62.03%	732.28	61.66%	1,441.38	61.84%
RRs	398.24	34.84%	417.86	35.19%	816.10	35.02%
Non-operation	35.84	3.13%	37.38	3.15%	73.21	3.14%
TOTAL	1,143.17	100.00%	1,187.52	100%	2,330.69	100.00%
% of Total by Sem	49.05%		50.95%		100.00%	

Revenue Memorandum Order No. 09-19.

BIR OPERATIONS GOAL ALLOCATION: (In Billion Pesos)

Implementing Office	2018 Goal	2019 Goal	% of Increase
LTS	1,252.00	1,441.37	15.13%
RRs	739.77	816.11	10.32%
TOTAL	1,991.77	2,257.48	13.34%

Revenue Memorandum Circular No. 16-19)

(January 24, 2019)



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Revenue Memorandum Circular No. 16-19.

Clarifies that the validity of Certification on Outstanding Tax Liability/ies of Taxpayer and Certification on the Status of Cases Pending Legal or Judicial Resolution is six (6) months from the date of issuance for the specific purpose of satisfying the requirements of claims for VAT refund pursuant to Revenue Memorandum Order (RMO) No. 29-2014, as amended by RMO No. 42-2018.

Revenue Regulations No. 01-19)

(February 8, 2019)



PAGBA 2019 1st Quarter Seminar & Meeting
February 13-16, 2019
Crowne Plaza Hotel, Ortigas, Quezon City

Revenue Regulations No. 01-19.

Subject:

- Amend Certain Provisions of RR No. 02-98 as amended by RR No. 11-2018 which implemented the provisions of the TRAIN Law relative to some rates of Creditable Withholding Taxes on certain Income Payments.

Revenue Regulations No. 01-19.

(P) Meralco Payments:

1. Meralco Refund arising from Supreme Court Decision to customers as approved by ERC –
On gross amount of refund – 15%

Revenue Regulations No. 01-19.

(P) Meralco Payments:

2. Interest income on the refund of meter deposits. On gross amount of interest paid

- a) Residential & General Service customers whose monthly electricity exceeds 200kwh as classified by MERALCO – 10%
- b) Non-residential customers – 15%

Revenue Regulations No. 01-19.

(Q) Interest income on the refund paid thru direct payment or application against customer's billing by other electric Distribution Utilities (DUs):

On gross amount of interest paid

- i.** Residential & General Service customers whose monthly electricity exceeds 200kwh as classified by concerned DU– 10%
- ii.** Non-residential customers – 15%

Revenue Regulations No. 01-19.

(S) Interest income derived from any other debt instruments not within the coverage of ‘deposit substitute’ and Revenue Regulations No. 14-2012, unless otherwise provided by law or regulations – 15%

Revenue Regulations No. 26-18)

(December 21, 2018)



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Revenue Regulations No. 26-18.

Subject:

- Amend Certain Provisions of RR No. 13-18 to Implement the 90-Day Processing for VAT Refund under the TRAIN Law.

Revenue Regulations No. 26-18.

Period within which refund/credit of input taxes shall be made.

Before: (RR 13-18):

- Commissioner shall grant refund for creditable input taxes within ninety (90) days from the date of submission of the official receipts or invoices and other documents in support of the application.
- The 90-day period to process and decide shall only be up to the date of approval of the Recommendation Report on such application for VAT refund by the Commissioner or his duly authorized representative

Now: (RR 26-18):

- Commissioner shall grant refund for creditable input taxes within ninety (90) days from the date of submission of the official receipts or invoices and other documents in support of the application.
- The 90-day period to process and decide shall start from the filing of the claim up to the release of the payment of the VAT refund.

Revenue Regulations No. 25-18)

(December 21, 2018)



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Revenue Regulations No. 25-18.

Subject:

- Implementing Section 109 (AA) of the Tax Code, as amended by the TRAIN Law, Providing Tax Exemption on the Sale of Drugs and Medicine Prescribed for the Treatment and/or prevention of Diabetes, High Cholesterol and Hypertension.

Revenue Regulations No. 25-18.

Exemption:

Shall apply only to the SALE by:

- Manufacturers, Distributors, Wholesalers and Retailers of the subject drugs & medicines.
- The sale of these drugs & medicines shall be in its final form to be exempt from VAT (Joint Administrative Order 2-18).
- Effectivity: January 1, 2019.

Revenue Regulations No. 25-18.

Exemption:

VAT exemption shall **NOT** apply to the IMPORTATION of the subject drugs & medicines. The Importers of these drugs and medicines shall pay 12% VAT thru the Bureau of Customs.

Revenue Regulations No. 25-18.

Scope:

- For complete list of VAT exempt drugs and medicines, please visit BIR website, www.bir.gov.ph, and search for Revenue Memorandum Circulars No. 4-2019, issued on January 15, 2019.

Revenue Regulations No. 25-18.

Invoicing Requirement:

- ❑ The sales invoice issued for the sale of subject drugs and medicines shall prominently indicate the word “VAT EXEMPT”.

Revenue Regulations No. 25-18.

Complaints for Non-compliance:

- ❑ Send your complaints as to non-compliance to ecomplaints@bir.gov.ph for proper handling and/or dissemination to the concerned BIR office.

Revenue Regulations No. 25-18.

Penalties for Non-compliance:

- Payment of taxes due PLUS, upon conviction of each act/omission, punished by payment of Fine of not more than P1,000 or suffer an imprisonment of not more than 6 months, or both.

Revenue Memorandum Order No. 06-19)

(January 15, 2019)



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Revenue Memorandum Order No. 06-19.

Subject:

- Provides Guidelines, Policies and Procedures in the Reaccreditation of Printers of Principal/Supplementary Receipts/Invoices.

Revenue Memorandum Order No. 06-19.

Policies/Guidelines:

- The accreditation of Printers of principal and/or supplementary receipts/invoices shall be valid for 5 years from the date of issuance of Certificate of Accreditation.
- The start of application for renewal of accreditation shall be done 30 days before the expiration of accreditation.

Example:

Date of Accreditation : June 30, 2014

Date of Expiration : June 29, 2019

The Printer may apply for renewal starting May 31, 2019

Revenue Memorandum Order No. 06-19.

Policies / Guidelines:

- Printers with expired accreditation due to failure to apply for renewal are not authorized from continuously using said accreditation and are prohibited from printing said receipts/invoices. Thus, printed receipts/invoices by these printers are considered as unauthorized receipts/invoices and should not be used by the taxpayer.

Penalties/Fines

- Penalties/Fines for Printers who are not accredited or whose accreditation have expired and still continuous to print principal and supplementary receipts/invoices without valid accreditation shall be penalized or be imposed a penalty of not less than P500,000.00 but not more than P10M and imprisonment of not less than 6 years but not more than 10 years pursuant to Section 77 of RA 10963 (TRAIN LAW)

Revenue Memorandum Order No. 05-19)

(January 15, 2019)



PAGBA 2019 1st Quarter Seminar & Meeting
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Revenue Memorandum Order No. 06-19.

Subject:

- Modification of Alphanumeric Tax Code (ATC) for Compensation Income under Republic Act (RA) No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN) Act and for Withholding Taxes

Revenue Memorandum Order No. 06-19.

EXISTING (per ATC Handbook)					MODIFIED/ NEW
ATC	Description	Tax Rate	BIR Form No.	Legal Basis	BIR Form No.
II011	Compensation Income	Graduated Income Tax Rates	1701 1701Q	RA No. 10963 RR No. 11-2018	1700 1701 1701Q
	Income payments subject to final withholding taxes		1600 1601-E 1601-F 2307		1706 2307
WI450	1. Capital gains Tax on sale/exchange or other disposition of real property – individual	6%		RR 17-2003 Sec. 2.57.1 (A) (6)	
WC450	2. Capital gains tax on the sale/exchange or other disposition of land and building - corporate	6%		RR 17-2003 Sec. 2.57.1 (G) (5)	

Revenue Memorandum Circular No. 19-19)

(January 30, 2019)



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Revenue Memorandum Circular No. 19-19.

Subject:

- Circularizing the Availability of Various Revised BIR Forms Version January 2018.

Revenue Memorandum Circular No. 19-19.

BIR Form No.	Form Name
1700 (Annex "A")	Annual Income Tax Return – Individuals Earning Purely Compensation Income (Including Non-Business/Non-Profession Income)
1702-EX (Annex "B")	Annual Income Tax Return – Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT under the Tax Code, as amended [Section 30 and those exempted in Sec. 27 (C)], and Other Special Laws, with NO Other Taxable Income.
1702-RT (Annex "C")	Annual Income Tax Return – Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate
1707 (Annex "D")	Capital Gains Tax Return for Onerous Transfer of Shares of Stock Not Traded Through the Local Stock Exchange

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Revenue Memorandum Circular No. 19-19.

- The revised manual returns are already available in the BIR website (www.bir.gov.ph) under the BIR Forms-Income Tax Return section.
- However, the forms are not yet available in the eFPS and eBIRForms.
- Thus, eFPS/eBIRForms filers shall use the existing old version available in eFPS and in the Offline eBIRForms Package in filing the said returns except for BIR Form No. 1700 in which manual return shall be used in filing and paying the income tax due thereon.
- Manual filers shall download the PDF version of the form, print the form and completely fill out the applicable fields, otherwise shall be subjected to penalties under Sec. 250 of the Tax Code, as amended.

Revenue Memorandum Circular No. 19-19.

1. Payment shall be made thru:
 - a) Manual Payment (AAB , RCO)
 - b) Online Payment (Gcash, LBP Linkbiz Portal for TPs who have ATM account with LBP and/or holders of Bancnet ATM/Debit Card, DBP Tax Online for holders of VISA/Master Credit Cards and/or Bancnet ATM/Debit Card)

BIR Form No. 1700 Annual Income Tax Return Individuals Earning Purely Compensation Income (Including Non-Business/Non-Profession Income) January 2018 (ENCS) Page 1

BIR Form No. 1700 Annual Income Tax Return Individuals Earning Purely Compensation Income (Including Non-Business/Non-Profession Income) January 2018 (ENCS) Page 2

NOTE: * Non-Resident Alien Not Engaged in Trade or Business ** The BIR Data Privacy Policy is in the BIR website (www.bir.gov.ph)

Revenue Memorandum Circular No. 17-19)

(January 24, 2019)



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Revenue Memorandum Circular No. 17-19.

Subject:

- Circularizing the Availability of the New BIR Form No. 1701A – Annual Income Tax Return for Individuals Earning Income PURELY from Business/Profession- January 2018 version.

Revenue Memorandum Circular No. 17-19.

Who shall file 1701A?

- Individuals earning income PURELY from business/profession, who are under the graduated income tax rates with Optional Standard Deduction (OSD) as mode of deductions OR those who opted to avail of the 8% flat income tax rate, in filing the annual income tax return and paying the income tax due starting the year 2018 which is due on or before April 15, 2019.

Revenue Memorandum Circular No. 17-19.

A. Manual Return -

1. The new return is already available under BIR Forms-Income Tax Return section of the BIR website (www.bir.gov.ph).
2. Manual filers shall download the PDF version of the new BIR Form No. 1701A, print it and then fill out the applicable items/fields.

Revenue Memorandum Circular No. 17-19.

A. Manual Return -

3. Payment shall be made thru:
 - a. Manual Payment (AAB , RCO)
 - b. Online Payment (Gcash, LBP Linkbiz Portal for TPs who have ATM account with LBP and/or holders of Bancnet ATM/Debit Card, DBP Tax Online for holders of VISA/Master Credit Cards and/or Bancnet ATM/Debit Card)

Revenue Memorandum Circular No. 17-19.

B. eBIRForms -

1. The new return is already available in the Offline eBIRForms Package v7.3.
2. eBIRForms filers/individuals mentioned above shall download such eBIRForms package and use the new BIR Form NO. 1701A in filing and paying the annual income tax due starting the year 2018 and which is due on or before April 15, 2019.

Revenue Memorandum Circular No. 17-19.

B. eBIRForms -

3. Payment shall be made thru:

- a) Manual Payment (AAB , RCO)
- b) Online Payment (Gcash, LBP Linkbiz Portal for TPs who have ATM account with LBP and/or holders of Bancnet ATM/Debit Card, DBP Tax Online for holders of VISA/Master Credit Cards and/or Bancnet ATM/Debit Card)

Revenue Memorandum Circular No. 17-19.

C. eFPS -

1. The new return is not yet available in the eFPS.
2. As a work-around procedure, the eFPS filers shall use the new return in the Offline eBIRForms Package v7.3 to file the annual ITR for the year 2018.

Revenue Memorandum Circular No. 17-19.

C. eFPS -

3. Payment shall be made thru:
 - a) Manual Payment (AAB , RCO)
 - b) Online Payment (Gcash, LBP Linkbiz Portal for TPs who have ATM account with LBP and/or holders of Bancnet ATM/Debit Card, DBP Tax Online for holders of VISA/Master Credit Cards and/or Bancnet ATM/Debit Card)

4. In case the eFPS filers had already filed and paid the income tax due for the year 2018 using the old return (BIR Form 1701), the taxpayer is still required to file the annual ITR as mentioned in No. 2 and mark the return as an amended return.

For BIR BCS/
Use Only Item:

BIR Form No. 1701A
January 2018
Page 1

Annual Income Tax Return
Individuals Earning Income PURELY from Business/Profession
[Those under the graduated income tax rates with OSD as mode of deduction
OR those who opted to avail of the 8% flat income tax rate]

Enter all required information in CAPITAL LETTERS using BLACK ink. Mark applicable boxes with an "X".
Two copies must be filed with the BIR and one held by the Tax Filer.

1701A 01/18 P1

1 For the Year (MM/YYYY) _____ 2 Amended Return? Yes No 3 Short Period Return? Yes No

Part I - Background Information on Taxpayer/Filer

4 Taxpayer Identification Number (TIN) _____ 5 RDO Code _____ 6 Taxpayer Type
 Single Proprietor Professional

7 Alphanumeric Tax Code (ATC) II012 Business Income - Graduated IT Rates II014 Income from Profession - Graduated IT Rates
 II015 Business Income - 8% IT Rate II017 Income from Profession - 8% IT Rate

8 Taxpayer's Name (Last Name, First Name, Middle Name) _____

9 Registered Address (Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)

9A ZIP Code _____

10 Date of Birth (MM/DD/YYYY) _____ 11 Email Address _____

12 Citizenship _____ 13 Claiming Foreign Tax Credits? Yes No 14 Foreign Tax Number, if applicable _____

15 Contact Number (Landline/Cellphone No.) _____ 16 Civil Status
 Single Married Legally Separated Widower

17 If married, spouse has income? Yes No 18 Filing Status Joint Filing Separate Filing

19 Tax Rate Graduated rates with OSD as method of deduction 8% in lieu of Graduated Rates under Sec. 24(A) & Percentage Tax under Sec. 116 of NIRC
[available if gross sales/receipts and other non-operating income do not exceed Three million pesos (P3M)]

Part II - Total Tax Payable (DO NOT enter Centavos; 4 Centavos or Less drop down; 50 or more round up)

Particulars	A) Taxpayer/Filer	B) Spouse
20 Tax Due (Either from Part IV.A Item 46 OR Part IV.B Item 56)		
21 Less: Total Tax Credits/Payments (From Part IV.C Item 64)		
22 Net Tax Payable/(Overpayment) (Item 20 Less Item 21) (From Part IV Item 65)		
23 Less: Portion of Tax Payable Allowed for 2 nd Installment to be paid on or before October 15 (50% or less of Item 20)		
24 Amount of Tax Payable/(Overpayment) (Item 22 Less Item 23)		
Add: Penalties		
25 Surcharge		
26 Interest		
27 Compromise		
28 Total Penalties (Sum of Items 25 to 27)		
29 Total Amount Payable/(Overpayment) (Sum of Items 24 and 28)		
30 Aggregate Amount Payable/(Overpayment) (Sum of Items 29A & 29B)		
If overpayment, mark one (1) box only. (Once the choice is made, the same is irrevocable) <input type="checkbox"/> To be refunded <input type="checkbox"/> To be issued a Tax Credit Certificate (TCC) <input type="checkbox"/> To be carried over as a tax credit for next year/quarter		
I declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by me, and to the best of my knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. Further, I give my consent to the processing of my information as contemplated under the "Data Privacy Act of 2012 (R.A. No. 10173) for legitimate and lawful purposes. (If signed by an Authorized Representative, indicate TIN and attach authorization letter)		
		31 Number of Attachments _____
Printed Name and Signature of Taxpayer/Authorized Representative _____		

Part III - Details of Payment

Particulars	Drawee Bank/Agency	Number	Date (MM/DD/YYYY)	Amount
32 Cash/Bank Debit Memo				
33 Check				
34 Tax Debit Memo				
35 Others (specify below)				

Machine Validation/Revenue Official Receipt Details (if not filed with an Authorized Agent Bank) _____ Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial) _____

*NOTE. The BIR Data Privacy Policy is in the BIR website (www.bir.gov.ph)

BIR Form No. 1701A
January 2018
Page 2

Annual Income Tax Return
Individuals Earning Income PURELY from Business/Profession
[Those under the graduated income tax rates with OSD as mode of deduction
OR those who opted to avail of the 8% flat income tax rate]

1701A 01/18 P2

TIN _____ Tax Filer's Last Name _____
0 0 0 0 0

Part IV - Computation of Income Tax

If Optional Standard Deductions (OSD), fill in items 36 to 46; if 8%, fill in items 47 to 56 (DO NOT enter Centavos; 4 Centavos or Less drop down; 50 or more round up)

IV.A - For Graduated Income Tax Rates	A) Taxpayer/Filer	B) Spouse
36 Sales/Revenues/Receipts/Fees		
37 Less: Sales Returns, Allowances and Discounts		
38 Net Sales/Revenues/Receipts/Fees (Item 36 Less Item 37)		
39 Less: Allowable Deduction - Optional Standard Deduction (OSD) (40% of Item 38)		
40 Net Income (Item 38 Less Item 39)		

Add: Other Non-Operating Income (specify below)

41 _____
42 _____

43 Amount Received/Share in Income by a Partner from General Professional Partnership (GPP)		
44 Total Other Income (Sum of Items 41 to 43)		
45 Total Taxable Income (Sum of Items 40 and 44)		

46 TAX DUE (Item 45 x Applicable Tax Rate based on Tax Table below) (To Part II - Item 20)
IV.B - For 8% Income Tax Rate (Those whose sales/receipts/others did not exceed P3M and opted at the initial quarter for this rate)

47 Sales/Revenues/Receipts/Fees	A) Taxpayer/Filer	B) Spouse
48 Less: Sales Returns, Allowances and Discounts		
49 Net Sales/Revenues/Receipts/Fees (Item 47 Less Item 48)		

Add: Other Non-Operating Income (specify below)

50 _____
51 _____

52 Total Other Non-operating Income (Sum of Items 50 and 51)		
53 Total Taxable Income (Sum of Items 49 and 52)		
54 Less: Allowable reduction from gross sales/receipts and other non-operating income of PURELY self-employed individuals and/or professionals in the amount of P 250,000		
55 Taxable Income/(Loss) (Item 53 Less Item 54)		

56 TAX DUE (Item 55 x 8% Income Tax Rate) (To Part II - Item 20)

IV.C - Tax Credits/Payments (attach proof)

57 Prior Year's Excess Credits		
58 Tax Payments for the First Three (3) Quarters		
59 Creditable Tax Withheld for the First Three (3) Quarters		
60 Creditable Tax Withheld per BIR Form No. 2307 for the 4 th Quarter		
61 Tax Paid in Return Previously Filed, if this is an Amended Return		
62 Foreign Tax Credits, if applicable		
63 Other Tax Credits/Payments (specify) _____		
64 Total Tax Credits/Payments (Sum of Items 57 to 63) (To Item 21)		
65 Net Tax Payable/(Overpayment) (Item 46 OR 56 Less Item 64) (To Part II - Item 22)		

Part V - Background Information on Spouse

66 Spouse's Taxpayer Identification Number (TIN) _____ 67 RDO Code _____ 68 Filer's Spouse Type
 Single Proprietor Professional

69 Alphanumeric Tax Code (ATC) II012 Business Income - Graduated IT Rates II014 Income from Profession - Graduated IT Rates
 II015 Business Income - 8% IT Rate II017 Income from Profession - 8% IT Rate

70 Spouse's Name (Last Name, First Name, Middle Name) _____

71 Contact Number _____ 72 Citizenship _____
73 Claiming Foreign Tax Credits? Yes No 74 Foreign Tax Number (if applicable) _____

75 Tax Rate Graduated rates with OSD as method of deduction 8% in lieu of Graduated Rates under Sec. 24(A) & Percentage Tax under Sec. 116 of NIRC
[available if gross sales/receipts and other non-operating income do not exceed Three million pesos (P3M)]



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

TAX ADVISORY

Under the Tax Code, as amended, the deadline for the submission of the Alphabetical list of Employees/Payees From Whom Taxes Were Withheld (Alphalist) as part of the filing of the Annual Information Return shall be on or before the thirty-first (31st) day of January. However, due to the delay in the availability of the enhanced Data Entry and Validation Module (DEVM) that incorporated the changes under the Tax Reform for Acceleration and Inclusion (TRAIN) Law, congestion in the submission of which thru the Bureau's eSubmission facility might happen.

Since the said enhanced DEVM was made available only to taxpayers on January 17, 2019, the deadline on January 31, 2019 in the submission of the Alphalist is hereby extended to February 15, 2019 in order to minimize technical problems considering the volume of taxpayer-users using the updated module.

Issued this 21st day of January 2019.

Quezon City, Metro Manila.


CAESAR R. DULAY

Commissioner of Internal Revenue

PAGBA 2019 1st Quarter Seminar & Meeting
February 13-16, 2019

Crowne Plaza Hotel, Ortigas, Quezon City

TAX AMNESTY ACT

(Salient Provisions)



PAGBA 2019 1st Quarter Seminar & Meeting
February 13-16, 2019
Crowne Plaza Hotel, Ortigas, Quezon City

Tax Amnesty Act.

AN ACT ENHANCING REVENUE ADMINISTRATION AND COLLECTION, BY GRANTING AN AMNESTY ON ALL UNPAID INTERNAL REVENUE TAXES IMPOSED BY THE NATIONAL GOVERNMENT FOR TAXABLE YEAR 2017 AND PRIOR YEARS WITH RESPECT TO ESTATE TAX, OTHER INTERNAL REVENUE TAXES, AND TAX ON DELINQUENCIES.

Tax Amnesty Act.

Tax Amnesty, explained –

- Tax amnesty “partakes of an absolute forgiveness or waiver by the government of its right to collect what is due it and to give tax evaders who wish to relent a chance to start with a clean slate. (CIR v. Marubeni, GR No. 137377, dated Dec. 18, 2001).
- The Act provides a one-time opportunity for taxpayers to settle tax obligations that remain outstanding as of Dec. 31, 2017 through a tax amnesty program, which seeks to simplify tax compliance requirements.

Tax Amnesty Act.

Tax Amnesty Programs–

- 1) Estate Tax Amnesty
- 2) General Tax Amnesty
- 3) Tax Amnesty on Delinquencies

Tax Amnesty Act.

Estate Tax Amnesty Program –

Coverage:

— The ETA covers the estate of decedents who died on or before December 31, 2017, with or without assessments, whose estate taxes have remained unpaid or have accrued as of December 31, 2017.

Tax Amnesty Act.

Estate Tax Amnesty Program –

Entitlement:

– may enjoy the immunities and privileges of the amnesty and pay an estate amnesty tax at the rate of 6% based on the decedent's total net estate at the time of death or net undeclared estate, if estate tax return was previously filed with BIR or a minimum amnesty tax of P5,000.00.

Tax Amnesty Act.

Estate Tax Amnesty Program –

Availment, When & where to file and pay:

- Shall be filed and paid Within 2 years from the effectivity of the IRR at the RDO, which has jurisdiction over the last residence of the decedent. For non-residents, at RDO 39.

Tax Amnesty Act.

Estate Tax Amnesty Program –

- ❑ Availment of the estate tax amnesty does not imply any admission of criminal, civil or administrative liability on the part of the availing estate.

Tax Amnesty Act.

Estate Tax Amnesty Program –

Exceptions:

- 1. Pending cases under PCGG;**
- 2. Pending cases on unexplained or unlawfully acquired wealth or under Anti-graft and corrupt practices act;**
- 3. Pending cases involving violation of the AMLA;**
- 4. Pending cases of tax evasion and other criminal offenses; and**
- 5. Those involving felonies of frauds, illegal exaction and transactions, malversation of public funds and property.**

Tax Amnesty Act.

Estate Tax Amnesty Program –

Immunities and Privileges

- 1. Immunity from payment of estate taxes, increments**
- 2. Immunity from all appurtenant civil, criminal and administrative cases and penalties under the Tax Code**

Tax Amnesty Act.

SAMPLE ILLUSTRATION:

Mr. A died on December 25, 2000, leaving his wife and 3 children the following properties:

Commercial lot and building	P	10,000,000.00
Residential house and lot		5,000,000.00
Gross Estate	P	15,000,000.00

How much estate tax shall be paid under the tax code in effect at the time of death?

How much estate tax shall be paid under the tax amnesty act?

Tax Amnesty Act.

COMPUTATION OF NET ESTATE:		
Gross Estate	P	15,000,000.00
Deductions:		
Ordinary deduction - funeral expense 5% or P200,000, whichever is higher.		200,000.00
Net Conjugal Estate before standard deduction	P	14,800,000.00
Special Deduction:		
Family Home		1,000,000.00
Standard deductions		1,000,000.00
Net Estate before SSS	P	12,800,000.00
Less: SSS (14,800,000 / 2)		7,400,000.00
Net Taxable Estate	P	5,400,000.00

Tax Amnesty Act.

Estate Tax Due: NIRC		
First 5,000,000	P	465,000.00
In excess of 5,000,000 x 15% (400,000 x 15%)		60,000.00
Basic Estate Tax Due	P	525,000.00
Add: Legal Increments		
25% Surcharge		131,250.00
20% Interest p.a. (approx. 18 yrs.)		1,890,000.00
Compromise Penalty		25,000.00
Total Estate Tax Due	P	2,571,250.00

Estate tax due under Amnesty Act:		
Net Taxable Estate	P	5,400,000.00
Amnesty Tax Rate		6%
Estate tax due under Amnesty Act:	P	324,000.00

Tax Amnesty Act.

General Tax Amnesty Program –

Coverage:

– All National Internal Revenue Taxes:

1. Income Tax
2. Value Added Tax
3. Percentage Taxes
4. Excise Tax
5. Other Taxes (DST, Withholding Tax, CGT, Donor's Tax, etc.)

- with or without assessments that have remained unpaid as of Dec. 31, 2017.

Tax Amnesty Act.

General Tax Amnesty Program –

Entitlement:

A taxpayer has the option of paying the amnesty tax at the following rates:

Option 1: 2 percent based on the taxpayer's total assets (gross) as of Dec. 31, 2017 as declared in a notarized Statement of Total Assets (STA); or

Option 2: 5 percent based on the taxpayer's total networth as of Dec. 31, 2017 as declared in a notarized Statement of Assets, Liabilities and Networth (SALN), or graduated amounts of minimum amnesty tax payments, whichever is higher.

Tax Amnesty Act.

General Tax Amnesty Program –

Entitlement:

List of Graduated Minimum Tax Amnesty Amounts under Option 2:

- ✓ Individual (whether resident or non-resident citizens, including resident or non-resident aliens), Trusts and Estates
 - 5% of the Net worth or P75,000, whichever is higher

Tax Amnesty Act.

General Tax Amnesty Program –

Entitlement:

List of Graduated Minimum Tax Amnesty Amounts under Option 2:

Corporations:

- ✓ With subscribed capital of above P50 million
 - 5% or P1,000,000, whichever is higher

- ✓ With subscribed capital of above P20 million up to P50 million
 - 5% or P500,000, whichever is higher

Tax Amnesty Act.

General Tax Amnesty Program –

Entitlement:

List of Graduated Minimum Tax Amnesty Amounts

- ✓ With subscribed capital of P5 million up to P20 million
 - 5% or P250,000, whichever is higher

- ✓ With subscribed capital of below P5 million
 - 5% or P100,000, whichever is higher

Tax Amnesty Act.

General Tax Amnesty Program –

Entitlement:

List of Graduated Minimum Tax Amnesty Amounts

- ✓ Other juridical entities, including, but not limited to, cooperatives and foundations, that have become taxable as of December 31, 2017
 - 5% or P75,000, whichever is higher

Tax Amnesty Act.

General Tax Amnesty Program –

Entitlement:

- ✓ The GTA shall be availed of within 1 year from the effectivity of the IRR by filing a sworn General Tax Amnesty Return, with the notarized SALN as of December 31, 2017.
- ✓ The Statement of Total Assets and SALN shall be conclusively presumed as true, correct, and final upon filing and shall be deemed complete upon full payment of the amount due.

Tax Amnesty Act.

General Tax Amnesty Program –

Entitlement:

The taxpayer shall be entitled to a corresponding reduction in the total amnesty tax due if the tax amnesty is availed of within the following periods:

- ✓ If paid on or before the end of the 3rd calendar month from the effectivity of the IRR - **20%**
- ✓ If paid after the end of the 3rd calendar month until the end of the 6th calendar month from the effectivity of the IRR - **15%**
- ✓ If paid after the end of the 6th calendar month until the end of the 9th calendar month from the effectivity of the IRR - **10%**

Tax Amnesty Act.

General Tax Amnesty Program –

Immunities and Privileges:

Taxpayers who avail of the GTA shall be entitled to the following immunities and privileges:

- ✓ With respect to the years covered by the GTA, the taxpayer shall be immune from the payment of taxes and additions thereto, as well as the related civil, criminal, administrative cases and penalties under the Tax Code, arising from the failure to pay any and all internal revenue taxes for taxable year 2017 and prior years, insofar as they relate to the assets, liabilities, net worth, and internal revenue taxes that are subject of the amnesty.

Tax Amnesty Act.

General Tax Amnesty Program –

Immunities and Privileges:

Taxpayers who avail of the GTA shall be entitled to the following immunities and privileges:

- ✓ Any information or data contained in the Tax Amnesty Return, Statement of Total Assets or SALN, and appurtenant documents shall be confidential and shall not be used as evidence in any investigation or prosecution before any judicial, quasi-judicial and administrative bodies.
- ✓ The books of accounts and records of the tax payer for the years covered by the tax amnesty shall not be examined by the BIR.

Tax Amnesty Act.

General Tax Amnesty Program –

Exceptions:

The General Tax Amnesty shall not apply to the ff:

1. Withholding Tax Agents who failed to remit the same to the BIR;
2. TPs with case pending in appropriate courts involving:
 - a) Pending cases under PCGG;
 - b) Pending cases on unexplained or unlawfully acquired wealth or under Anti-graft and corrupt practices act;
 - c) Pending cases involving violation of the AMLA;
 - d) Pending cases of tax evasion and other criminal offenses; and
 - e) Those involving felonies of frauds, illegal exaction and transactions, malversation of public funds and property.

Tax Amnesty Act.

General Tax Amnesty Program –

Exceptions:

The General Tax Amnesty shall not apply to the ff:

3. Tax cases that have become final and executory; and
4. Delinquencies and assessments that have become final and executory.

Tax Amnesty Act.

SAMPLE ILLUSTRATION:

Dr. B, a neuro-surgeon, wants to declare all his properties accumulated as of December 31, 2017. After listing all his assets and liabilities, his financial condition is as follows:

ASSETS:		
Cash in bank	P	30,000,000.00
High end CARs		15,000,000.00
Land and Buildings		40,000,000.00
Investments		10,000,000.00
Other properties and equipment		5,000,000.00
Total Assets	P	100,000,000.00
LIABILITIES:		
BANK LOAN	P	25,000,000.00
INSURANCE PAYABLE		5,000,000.00
Total Liabilities	P	30,000,000.00
Total Networth	P	70,000,000.00

How much tax shall be paid under the tax amnesty act?

Tax Amnesty Act.

OPTION 1:		
Total Assets	P	100,000,000.00
Option 1 rate		2%
Amnesty Tax due	P	2,000,000.00
OPTION 2:		
Total Networth	P	70,000,000.00
Option 2 rate		5%
Amnesty Tax due	P	3,500,000.00
Minimum amount	P	75,000.00
Higher Amount	P	3,500,000.00

Tax Amnesty Act.

Tax Amnesty on Delinquencies Program –

Coverage:

The TAD covers all national internal revenue taxes such as, but not limited to, income tax, withholding tax (including those withheld, but not remitted), capital gains tax, donor's tax, VAT, other percentage taxes, excise tax and DST collected by the BIR, including VAT and excise taxes collected by the BOC for taxable year 2017 and prior years.

Tax Amnesty Act.

Tax Amnesty on Delinquencies Program –

Entitlement:

Below are the instances when TAD may be availed and the corresponding tax amnesty rates:

- ✓ Delinquencies and assessments, which have become final and executory
 - 40% of the basic tax assessed

- ✓ Tax cases subject of final and executory judgment by the courts
 - 50% of the basic tax assessed

Tax Amnesty Act.

Tax Amnesty on Delinquencies Program –

Entitlement:

Below are the instances when TAD may be availed and the corresponding tax amnesty rates:

- ✓ Pending criminal cases with the Department of Justice (DOJ) or the courts for tax evasion and other criminal offenses under Chapter II of Title X and Section 275 of the Tax Code
 - 60% of the basic tax assessed

Tax Amnesty Act.

Tax Amnesty on Delinquencies Program –

Entitlement:

Below are the instances when TAD may be availed and the corresponding tax amnesty rates:

- ✓ Withholding tax agents who withheld taxes but failed to remit the same to the BIR
- 100% of the basic tax assessed

Note: Basic Tax assessed refers to the latest amount of tax assessment issued by the BIR against the taxpayer, exclusive of interest, penalties, and surcharge.

Tax Amnesty Act.

Tax Amnesty on Delinquencies Program –

Availment, When & Where to File:

Within 1 year from the effectivity of the IRR, a taxpayer who will avail the tax amnesty on delinquencies shall file with the BIR, which has jurisdiction over the residence or principal place of business of the taxpayer, a Sworn Tax Amnesty on Delinquencies Return accompanied by a Certification of Delinquency.

Tax Amnesty Act.

Tax Amnesty on Delinquencies Program –

Immunities & Privileges:

The tax delinquency of the taxpayers who have fully complied with the conditions on the availment of the tax amnesty on delinquencies and paid the amnesty tax due shall be considered settled and the criminal case under Section 18 (c) with the corresponding civil or administrative case, if applicable, shall be terminated.

END OF PRESENTATION...

THANK YOU !

Have a nice day!



PAGBA 2019 1st Quarter Seminar & Meeting
February 13-16, 2019
Crowne Plaza Hotel, Ortigas, Quezon City