

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

January 22, 2003

REVENUE REGULATIONS NO. 5-2003

- SUBJECT :** Rules and Regulations to implement the remittance of the following:
a) 70% share of the ARMM in the withholding tax payments of National Government Agencies (NGAs) and in the National Collections from taxpayers other than NGAs as provided for under Section 9, Article IX of RA No. 9054, amending therein certain sections of RR No. 4-98; b) allotment to the Regional Government (RG) of the 30% share of the National Government (NG) of all current year collections of internal revenue taxes within ARMM for a period of five (5) years as may be provided in the Annual Appropriations Act as provided for under Section 15, Article IX of RA No. 9054; and c) 50% of the 80% share of the NG from the yearly incremental revenue from VAT collections within ARMM received by the central government as provided for under Section 15, in relation to Section 9, both of Article IX of RA No. 9054 as well as in relation to Section 283 of the National Internal Revenue Code (NIRC) of 1997.
- TO :** All BIR Revenue Collecting Officers (RCO) and Finance Division Chiefs, the Regional Treasurers, Authorized Government Depository Banks (AGDBs) in the Autonomous Region in Muslim Mindanao (ARMM) and Others concerned.

SECTION 1. PURPOSE. -

Pursuant to the provision of Section 244 of the NIRC of 1997 in relation to Sections 9 and 15 of Article IX of RA 9054, these Regulations are hereby promulgated to implement the remittance of the shares/allotment cited in letters a, b and c of the subject of this Regulation, to the provinces/city comprising the expanded ARMM namely: Sulu, Tawi-Tawi, Lanao del Sur, Maguindanao (except Cotabato City), Marawi City and Basilan province (excluding Isabela City) per Commission on Election Resolution No. 4561 promulgated August 28, 2001.

SECTION 2. POLICIES. -

1. Pursuant to Department Order No. 57-92 dated July 20, 1992, the BIR and other Collecting Officers shall be responsible for the remittance, through the Regional Treasurer (RT), of the 60% share, now 70% share, of the ARMM in the national collections from businesses operating in the Region. Likewise, BIR and other Collecting Officers shall also be responsible for the remittance of the 40% share, now 30% share, of the National Government (NG) to the Bureau of Treasury (BTr) through the nearest Authorized Government Depository Bank (AGDB) branch for payments made through Revenue Official Receipt (ROR) and directly to BTr for withholding tax payments made through Tax Remittance Advice (TRA).
2. For the purpose of these Regulations, withholding tax payments of NGAs shall be made through the use of TRA while other internal revenue tax payments shall only be made through the issuance of ROR by authorized Revenue Collecting Officers (RCOs). Hence, the provisions of Revenue Regulation (RR) No. 5-84, RR No. 1-85 and RR No. 4-97, as amended, relative to payment through banks shall not apply.
3. RCOs, AGDBs, Regional and Provincial Treasurers and Fiscal Examiners of the BTr in the ARMM shall continue to follow the procedures prescribed under RR No. 4-98 dated February 5, 1998 for collections made through RCOs.
4. The allotment to the Regional Government (RG) of the 30% remaining share of the NG in all current year collections of internal revenue taxes within ARMM for a period of five (5) years shall start after its inclusion in the Annual Appropriations Act.
5. The 50% of the 80% share of the NG from the yearly incremental revenue from VAT collections within ARMM under Sections 106, 108 and 116 of the NIRC of 1997 (formerly Sections 100, 101 and 102 of the NIRC of 1977), received by NG, shall be shared by the RG and the LGUs within ARMM as follows:
 - a) Twenty percent (20%) shall accrue to the city or municipality where such taxes are collected; and
 - b) Eighty percent (80%) shall accrue to the RG.

SECTION 3. DEFINITION OF TERMS. -

For the purpose of these Regulations, the following terms shall be construed to mean:

1. Tax Remittance Advice (TRA) – refers to the serially numbered document to be distributed by the BIR to National Government Agencies (NGAs) and attached to every Withholding Tax Return filed for payment of taxes withheld to the BIR and shall be certified by the Chief Accountant and approved by the head of the NGA or his duly authorized representative. This shall be the basis for the BIR and the BTRs to record the collection and deposit in their respective books of accounts;
2. National Collection – refers to the collections in the ARMM of internal revenue taxes, fees and charges and taxes imposed on natural resources;
3. ARMM share and NG share refers to the following:

PARTICULARS	SHARE ARMM	SHARE NG
a. From national collections within ARMM for a period of five (5) years as may be provided in the Annual Appropriations Act of the allotment to RG of the remaining share of the NG;	100%	ZERO
b. From the national collections within ARMM after the 5-year period mentioned in (a).	70%	30%

SECTION 4. RESPONSIBILITIES. -

1. The BIR shall:
 1. Remit the 70% share of the ARMM in the national collection from taxpayers other than NGAs, made by RCOs through the use of ROR in accordance with the provisions of RR No. 4-98 dated February 5, 1998.

2. Record the collections made by RCOs through the issuance of RORs, by using the existing Accounting entries until such time that other entries are prescribed by the Commission on Audit (COA).
3. Transmit a copy of monthly certification of TRA collections under ARMM with period covered of collections within five days after the end of each month to the Regional Treasurer, ARMM.
4. Compute and certify the 70% share of ARMM from collections made through TRA for transmittal to the Department of Budget and Management.
5. Follow the procedures prescribed under RMO No. 27-2001 in recording the TRAs.
6. Compute and certify the 50% share of ARMM from the 80% share of the NG from yearly incremental revenue from VAT collections within ARMM for transmittal to DBM, if any.

SECTION 5. REPEALING CLAUSE. -

All existing rules and regulations or parts thereof which are inconsistent herewith are hereby revoked or modified accordingly.

SECTION 6. EFFECTIVITY. -

This order is effective upon the promulgation of the result of the plebiscite on August 28, 2001.

(Original Signed)
JOSE ISIDRO N. CAMACHO
Secretary of Finance

Recommending Approval:

(Original Signed)
GUILLERMO L. PARAYNO, JR.
Commissioner of Internal Revenue