

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

November 16, 2010

REVENUE REGULATIONS NO. 17-2010

SUBJECT : CONSOLIDATED REGULATIONS IMPLEMENTING REPUBLIC ACT NO. 7646, AN ACT AUTHORIZING THE COMMISSIONER OF INTERNAL REVENUE TO PRESCRIBE THE PLACE FOR PAYMENT OF INTERNAL REVENUE TAXES BY LARGE TAXPAYERS AND PRESCRIBING THE COVERAGE AND CRITERIA FOR DETERMINING LARGE TAXPAYERS

TO : All Internal Revenue Officers and Others Concerned

Section 1. SCOPE. — Pursuant to the provisions of Sections 244 and 245 (j) of the National Internal Revenue Code of 1997 (NIRC), these Regulations are hereby promulgated in order to harmonize, consolidate and amend the rules relative to the implementation of Republic Act No. 7646, which authorizes the Commissioner of Internal Revenue (CIR) to prescribe the criteria for determining Large Taxpayers and to designate the venue for payment of internal revenue taxes by these taxpayers.

Section 2. OBJECTIVES. - These regulations are hereby promulgated to:

- 2.1. Consolidate all issuances relating to the identification and administration of Large Taxpayers by incorporating and amending Revenue Regulations Nos. 1-98, 1-94 and 12-93, all issued pursuant to Republic Act Nos. 7646, and 8424, also known as the Tax Reform Act of 1997;
- 2.2. Modify the criteria in determining Large Taxpayers (LTs) after considering certain key factors such as inflation, volume of business, nature of business and affiliation, tax payments, financial condition and results of operation, wage and employment levels, and other economic factors;
- 2.3. Prescribe the process/criteria in enlisting/delisting Large Taxpayers by:
 - a. Automatic classification of candidates;
 - b. Application of criteria as to other taxpayers (i.e., tax payments, financial condition and results of operation);until such time that eighty-five percent (85%) of the Bureau's total collections shall have been captured and monitored through the database of Large Taxpayers Service; and
- 2.4. Prescribe the time, place and manner of filing of tax returns and payment of taxes of Large Taxpayers in relation to the pertinent provisions of the NIRC and pursuant to related revenue issuances.

Section 3. DEFINITION OF TERMS. — For purposes of these Regulations, the following terms and/or phrases shall be defined as follows:

- 3.1. **Affiliate** shall refer to a corporation that is directly or indirectly, through one or more intermediaries, controlled by, or is under the common control of another corporation. It may include 1) interlocking directorate or ownership; 2) common interest among members of the family; 3) sharing of employees, equipment, and/or facilities.
- 3.2. **Conglomerate** is a combination of two or more corporations engaged in entirely different businesses together into one corporate structure, usually involving a parent company and a subsidiary/ies.
- 3.3. **Consolidation** is the union of two or more corporations into one corporate body, after which the constituent corporations cease to exist. Assets and liabilities of the constituent firms are absorbed by the new company.
- 3.4. **Control** is the power of a parent corporation to direct or govern the financial and/or operating policies of an enterprise so as to obtain benefits from its activities.
- 3.5. **Group of Companies** refers to corporations that are related to one another as parent corporations, subsidiaries, affiliates and conglomerates.
- 3.6. **Merger** is a combination of two companies where one is completely absorbed by another. The surviving corporation assumes all the rights, privileges, and liabilities of the merged corporation.
- 3.7. **Multi-national Enterprise (MNE)** shall refer to a foreign company doing business in the Philippines that is part of a group of companies with business establishments in two or more countries.
- 3.8. **Parent** is a corporation which has control over another corporation directly or indirectly through one or more intermediaries.
- 3.9. **Spin-offs** shall refer to a situation when a parent corporation organizes a subsidiary corporation, to which it transfers a portion of its assets in exchange for all the subsidiary's capital stock.
- 3.10. **Subsidiary** shall mean a corporation more than fifty (50%) of the voting stock of which is owned or controlled directly or indirectly through one or more intermediaries by another corporation, which thereby becomes its parent corporation.

Section 4. POLICIES AND COVERAGE. -

- 4.1. A Large Taxpayer is a taxpayer, regardless of its location in the country, which has been classified and notified in writing by the CIR as one that has satisfied the criteria for determining large taxpayers.

- 4.2. Separate venues for the Luzon, Visayas and Mindanao areas may be designated by the CIR for the filing and payment of taxes by said Large Taxpayers.
- 4.3. Taxpayers classified and notified as Large Taxpayers by the CIR shall continue as such, and shall be covered by these Regulations, unless notified by the CIR in writing of its delisting.
- 4.4. The CIR will conduct periodic review on the coverage, and any, or all of the criteria in the enlisting/delisting of Large Taxpayers, taking into consideration such factors as inflation, volume of business, nature of business and affiliation, tax payments, financial condition and results of operation, wage and employment levels, and other economic factors.
- 4.5. The following taxpayers shall be automatically classified as candidate to be a Large Taxpayer and will be notified in writing as such by the CIR:
 - a. All branches of a taxpayer under the Large Taxpayers Service;
 - b. Subsidiaries, affiliates and entities of conglomerates / group of companies of a large taxpayer initially listed as of the effectivity of this Regulations;
 - c. The surviving company, in case of merger/consolidation involving a large taxpayer;
 - d. Any corporation that absorbs the operation/business in case of spin-off/s of any large taxpayer;
 - e. Corporations with an authorized capitalization of at least P300 million registered with the Securities and Exchange Commission (SEC);
 - f. Multi-national enterprises (MNEs) with an authorized capitalization or assigned capital of at least P300 million;
 - g. Publicly-listed corporations;
 - h. Universal, Commercial and foreign banks;

The Regular Banking Unit (RBU) and the Foreign Currency Deposit Unit (FCDU)/Offshore Banking Unit (OBU) of a bank shall be considered as one taxpayer for purposes of classifying it as a Large Taxpayer, even if the said units are assigned different Taxpayer Identification Numbers (TINs);

- i. Taxpayers with an authorized capitalization of at least P100 million belonging to the following industries: Banks, Insurance, Telecommunication, Utilities, Petroleum, Tobacco and Alcohol.
- j. Corporate taxpayers engaged in the production of metallic minerals.
- 4.6. Additional Large Taxpayers may be selected and notified by the CIR, and covered by these Regulations, such as but not limited to taxpayers not yet listed in Item 4.5(b) above.
- 4.7. Taxpayers already classified and notified as Large Taxpayer by the CIR are mandatorily covered by the Electronic Filing and Payment System (EFPS) in filing and paying their internal revenue tax liabilities, including the accompanying schedules and attachments as prescribed under existing revenue issuances.

- 4.8. All withholding tax remittances and information returns of the Head Office and/or any branch/unit of a Large Taxpayer shall be contained in a consolidated return.
- 4.9. All existing LTs must have adopted, and be maintaining, a working and duly-accredited Computerized Accounting System (CAS) by 31 December 2010. Newly-identified LTs, on the other hand, must have adopted, and secured the accreditation of, the required CAS within six (6) months after having been officially notified, in writing, of their status as LTs.

Section 5. CRITERIA FOR DETERMINATION OF LARGE TAXPAYERS, IN ADDITION TO TAXPAYERS ENUMERATED UNDER SECTION 4.5. - A taxpayer shall be classified as candidate to be a Large Taxpayer and will be notified in writing as such by the CIR if it satisfies any or a combination of the following criteria:

5.1 AS TO TAX PAYMENT:

- a. **Value-Added Tax** - Any taxpayer with net VAT paid or payable of at least P200,000.00 per quarter for the preceding year;
- b. **Excise Tax** - Any taxpayer with an annual excise tax paid or payable of at least P1 million for the preceding year;
- c. **Income Tax** - Any taxpayer with annual income tax paid or payable of at least P1 million for the preceding year;
- d. **Withholding Tax** - Any taxpayer with annual withholding tax payment/remittance from all types of withholding taxes (i.e. on compensation, expanded, final and government money payments) of at least P1 million (For taxpayers, business establishments and government offices with branches/units, the basis is the total annual taxes withheld by the Head Office and all the branches/units);
- e. **Percentage Taxes** - Any taxpayer with percentage taxes paid or payable of at least P200,000.00 per quarter for the preceding year;
- f. **Documentary Stamp Taxes** - Any taxpayer with aggregate annual documentary stamp taxes of at least P1 million; or

5.2 As to financial condition and results of operation:

- a. **Gross Sales/Receipts** - Any taxpayer with total annual gross sales/receipts of at least P1 billion for the preceding year;
- b. **Net Worth** - Any taxpayer with a total Net Worth at the close of each calendar or fiscal year of at least P300 million;
- c. **Gross Purchases** - Any taxpayer with total annual gross purchases of at least P800 million for the preceding year;
- d. Top corporate taxpayers listed and published by the Securities and Exchange Commission (SEC).

Section 6. FILING OF RETURNS AND PAYMENT OF TAXES BY LARGE TAXPAYERS -

6.1 Where to File and Pay:

All Large Taxpayers shall electronically file (e-file) all internal revenue tax returns, including other required documents, and electronically pay (e-pay) taxes due

thereon thru Electronic Filing and Payment System (EFPS) pursuant to existing revenue issuances. All information returns, declarations, documents and other attachments to such returns required to be filed, including for the Summary List of Sales and Purchases (SLSP), Summary List of Importation (SLI), Summary Alphalist of Withholding Tax Agents (SAWT), Monthly Alphalist of Payees (MAP), Alphalist of Regular Suppliers, Inventory List, etc. shall be in electronic submission (e-submission) / electronic attachment (e-attachment) in the prescribed format under existing revenue issuances.

This constitutes an exception to the place of filing and payment as provided for in Sections 58, 77, 81, 114, 128, 130 and 200 of the NIRC.

6.2 Modes of Payment:

Payments may be made only through any or a combination of the following modes:

- a. Bank Debit Memo/Advice, Electronic Fund Transfer Instruction Scheme (EFTIS) against the taxpayer's account with any of the eFPS Authorized Agent Banks (AABs);
- b. Tax Debit Memo (TDM) applied by the taxpayer against the unutilized portion of duly issued Tax Credit Certificate (TCC) for payment of all internal revenue taxes, except for withholding taxes, availment of tax amnesty, deposits on withdrawal of excisable articles, internal revenue taxes not being collected or administered by the BIR and compromise penalties.

6.3 When to File and Pay for Large Taxpayers:

6.3.1 Income Tax

- a. Corporate Large Taxpayers shall e-file **Quarterly Income Tax Returns (BIR Form No. 1702Q)**, and e-pay the taxes due thereon, not later than sixty (60) days from the close of each of the first three (3) quarters of the taxable year, whether calendar or fiscal.

Annual Income Tax Return (BIR Form No. 1702) shall be e-filed and e-paid on or before the fifteenth (15th) day of the fourth (4th) month following the close of the calendar or fiscal year, as the case may be, in accordance with Sections 75, 76 and 77 of the NIRC.

However, the returns of separate units should be forwarded to the head office, who should then file a consolidated return and e-pay the total income taxes due. The Head Office shall then prepare a covering schedule of all its units/departments showing the quarter/year covered, head office/unit/branch and registered address, and amount of income taxes paid.

- b. Corporate taxpayers with Improperly Accumulated Earnings Tax (BIR Form No. 1704), shall e-file and e-pay within fifteen (15) days after the close of the year immediately succeeding taxpayer's covered taxable year.

- c. Individual Taxpayers, who may, in the future, be classified as Large Taxpayers and notified by the CIR of their status as such, shall e-file and e-pay a Quarterly Income Tax Returns (BIR Form No. 1701Q) according to the following schedules:
 - 1st Quarter on or before April 15 of the current taxable year,
 - 2nd Quarter on or before August 15 of the current taxable year,
 - 3rd Quarter on or before November 15 of the current taxable year.

Annual Income Tax Return (BIR Form No. 1701) shall be e-filed and e-paid on or before April 15 of the following calendar year, in accordance with Section 74 (B) of the NIRC.

The accompanying schedules and attachments on the tax returns above-mentioned, shall be e-attached/e-submitted, following the file format prescribed under existing revenue issuances.

6.3.2 Withholding Tax Remittance and Information Returns

- a. All withholding taxes for remittance by the Head Office and/or all branches/units of a Large Taxpayer shall be e-filed in a consolidated return within ten (10) days following the end of each month for January to November, and on or before January 15 of the following year for the month of December, using **BIR Form Nos. 1601-C, 1601-E, 1601-F and 1602**, respectively, on a staggered basis according to the classification of industry pursuant to existing issuances. For the e-payment, the taxpayer shall give instruction to the AAB to debit its account for the amount of tax payable on or before the due date for payment thereof as prescribed under the prevailing / applicable laws / regulations.

Monthly Remittance Return on Value-Added Tax and Other Percentage Taxes Withheld (BIR Form No. 1600) shall be e-filed on or before the tenth (10th) day the following month, which is likewise the due date for the e-payment of this type of withholding tax.

- b. **Quarterly Remittance Return of Final Income Taxes Withheld (On Fringe Benefits Paid to Employees Other than Rank and File) (BIR Form No. 1603)** shall be e-filed and e-paid on or before the fifteenth (15th) day of the month following the calendar quarter.
- c. **Remittance Return of Percentage Tax on Winnings and Prizes Withheld by Race Track Operators (BIR Form No. 1600-WP)** shall be e-filed in a consolidated return and e-paid within twenty (20) days from the date the tax was deducted and withheld.
- d. **Annual Information Return of Income Tax Withheld on Compensation and Final Withholding Taxes (BIR Form No. 1604-CF)** shall be e-filed on or before January 31 of the succeeding year together with the required Alphabetical List of Employees. The Annual Information Return of

Creditable Income Taxes Withheld (Expanded)/ Income Payments Exempt from Withholding Taxes (BIR Form No. 1604-E) shall be e-filed not later than March 1 of the following the year in which payments were made, together with the required Alphabetical List of Payees. The required Alphalists attached to the returns shall be e-submitted/e-attached using the prescribed file format in RMC No. 5-2009.

- e. The accompanying schedules and attachments on the tax returns above-mentioned, shall be e-attached / e-submitted with the information required under RR No. 2-2006 and RMC No. 3-2006, following the file format prescribed under existing revenue issuances.

6.3.3 Value-Added Tax (VAT)

- a. **Monthly VAT Declaration (BIR Form No. 2550M)** shall be e-filed on a staggered basis according to the classification of industry pursuant to RR No. 26-2002 and RMC No. 2-2003, and the taxes shall be e-paid not later than the 20th day following the end of each month in accordance with Section 114 of the NIRC.
- b. **Quarterly VAT Return (BIR Form No. 2550Q)** shall be e-filed on a staggered basis according to the classification of industry pursuant to RR No. 26-2002 and RMC No. 2-2003 and the taxes shall be e-paid not later than the 25th day following the end of each quarter, in accordance with Section 114 of the NIRC. The accompanying schedules and attachments shall be e-attached / e-submitted following the file format prescribed under existing revenue issuances.
- c. For the e-payment of tax for the returns required above and to be e-filed earlier under the staggered filing system, the taxpayer shall, upon e-filing using the facilities of the eFPS, likewise give instruction to the AAB to debit its account for the amount of tax payable on or before the due date for payment thereof as prescribed under the existing issuances.
- d. The accompanying schedules and attachments on the tax returns above-mentioned, shall be e-attached / e-submitted with the information required under RR No. 2-2006 and RMC No. 3-2006, and following the file format prescribed under existing revenue issuances.

6.3.4 Other Percentage Taxes

- a. **Monthly Percentage Tax Return (BIR Form No. 2551M)** shall be e-filed in a consolidated return and on a staggered basis according to the classification of industry pursuant to RR No. 26-2002 and RMC No. 2-2003 and the aggregate percentage taxes due shall be e-paid within 20th days after the end of each taxable month subject to the pertinent provisions of Section 128 (A) of the NIRC.

- b. **Quarterly Percentage Tax Return (BIR Form No. 2551Q)** shall be e-filed in a consolidated return on a staggered basis according to the classification of industry pursuant to RR No. 26-2002 and RMC No. 2- 2003 and the aggregate percentage taxes due shall be e-paid within twenty-five (25) days after the end of each taxable quarterly subject to the pertinent provisions of Section 128 (A) of the NIRC.
- c. **Returns of Percentage Tax Payable under Special Laws (BIR Form No. 2553)** shall be e-filed and e-paid on or before the due date for payment of tax as stated in the special law.
- d. For the e-payment of percentage tax returns required to be e-filed as above-mentioned under the staggered filing system, the taxpayer shall, upon e-filing using the facilities of eFPS, likewise give instruction to the AAB to debit its account for the amount of tax payable on or before the due date for payment thereof as prescribed under the prevailing/applicable laws/regulations.

6.3.5 Excise Tax

Excise Taxpayers shall e-file their excise tax returns and e-pay the corresponding excise tax deposits/payments due before removal from the place of production subject to the pertinent provisions of Sections 130(A)(2) and 131(A) of the NIRC, using the following forms:

- BIR Form No 2200A Excise Tax Return for Alcohol Products
- BIR Form No 2200AN Excise Tax Return for Automobiles and Non-essential Goods
- BIR Form No 2200P Excise Tax Return for Petroleum Products
- BIR Form No 2200T Excise Tax Return for Tobacco Products
- BIR Form No. 2200M - Excise Tax Return for Mineral Products

However, for locally produced or extracted metallic mineral or mineral products, the taxpayers shall e-file excise tax returns and e-pay the tax due within fifteen (15) days after the end of the calendar quarter (BIR Form No. 2200M - Excise Tax Return for Mineral Products) when such products were removed provided a bond duly approved by the BIR in an amount which approximates the amount of excise tax due on the removals for the said quarter has been posted.

6.3.6 Documentary Stamp Taxes

- 3.6.1 **Documentary Stamp Tax Declaration/Return (BIR Form No. 2000)** shall be e-filed and e-paid within five (5) days after the close of the month when the taxable document was made, signed, issued, accepted or transferred or when reloading a metering machine becomes necessary or upon remittance by revenue collection agents of collection from the sale of loose stamps, as provided under Section 200(B) of the NIRC as implemented by RR Nos. 6-2001,12-2001, 15-2001 and 5-2004, through purchase or actual affixture or by imprinting the documentary stamps

on the taxable document using the e-DST System or in the manner as may be prescribed by existing rules and regulations.

- b. **Documentary Stamp Tax Declaration/Return (One Time Transactions) BIR Form No. 2000-OT** shall be filed and paid within five (5) days after the close of the month when the taxable document was made, signed, issued, accepted or transferred. This shall be manually filed and manually paid until such time that this form is available in the EFPS.

6.3.7 Capital Gains Tax / Withholding Tax on Gains Realized on the Sale, Exchange or Transfer of Property and Documentary Stamp Tax (DST)

- a. **Capital Gains Tax Return for Onerous Transfer of Real Property classified as Capital Asset (BIR Form No. 1706)** shall be filed and paid within thirty (30) days following each sale, exchange or disposition of real property classified as capital asset with the AAB located within the Revenue District Office having jurisdiction over the place where the property being transferred is located as prescribed under RR No. 5-2009. This shall be manually filed and manually paid until such time that this form is available in the EFPS.
- b. **Withholding Tax Remittance Return (For Transactions Involving Real Property other than Capital Asset including Taxable and Exempt) (BIR Form No. 1606)** on the creditable withholding tax deducted by the withholding agent/buyer on the sale, transfer or exchange of real property classified as ordinary asset, shall be filed and paid by the withholding agent/buyer with the AAB located within the Revenue District Office having jurisdiction over the place where the property being transferred, on or before the 10th day following the end of the month in which the transaction occurred subject, however to the specific rules prescribed by RR No. 2-98, as amended, and the rules prescribed under the eFPS regulations. This shall be manually filed and manually paid until such time that this form is available in the EFPS.
- c. The DST due thereon shall, likewise, filed and paid to the AAB located within the Revenue District Office having jurisdiction over the place where the property being transferred is located within five (5) days following end of the month in which the transaction occurred as prescribed under RR No. 5-2009.

6.3.8 Capital Gains Tax Return for Onerous Transfer of Shares of Stocks Not Traded Through the Local Stock Exchange

- a. Large Taxpayer (Individual) who may, in the future, be classified as Large Taxpayers and notified by the CIR of their status as such, from the sale or exchange of shares of stocks not traded thru a local stock exchange as prescribed under Section 24(C), of the NIRC, shall file **Capital Gains Tax Return for Onerous Transfer of Shares of Stocks Not Traded Through the Local Stock Exchange (BIR Form No. 1707)** within thirty (30) days

after each cash sale, barter, exchange or other disposition of shares of stock not traded through the local stock exchange. In case of installment sale, the return shall be filed within thirty (30) days following the receipt of the first down payment and within (30) days following each subsequent installment payment.

Annual Capital Gains Tax Return for Onerous Transfer of Shares of Stock Not Traded Through the Local Stock Exchange (BIR Form No. 1707-A) shall be filed in a consolidated return of all transactions during the taxable year on or before the fifteenth (15th) day of the fourth (4th) month following the close of the taxable year covering all transactions of the preceding taxable year.

- b. Large Taxpayer (Corporate) deriving capital gains from the sale or exchange of shares of stocks not traded thru a local stock exchange as prescribed under Section 24(C), 25(A)(3), 27 (E)(2), 28 (A)(7)(c), and 28(B)(5)(c) of the NIRC, shall file Capital Gains Tax Return for Onerous Transfer of Shares of Stocks Not Traded Through the Local Stock Exchange (BIR Form No. 1707) within thirty (30) days after each cash sale, barter, exchange or other disposition of shares of stock not traded through the local stock exchange. In case of installment sale, the return shall be filed within thirty (30) days following the receipt of the first down payment and within (30) days following each subsequent installment payment.

Annual Capital Gains Tax Return for Onerous Transfer of Shares of Stock Not Traded Through the Local Stock Exchange (BIR Form No. 1707-A) shall be filed in a consolidated return of all transactions during the taxable year on or before the fifteenth (15th) day of the fourth (4th) month following the close of the taxable year covering all transactions of the preceding taxable year.

6.3.9 Percentage Tax Return for Transactions Involving Shares of Stock Listed and Traded Through The Local Stock Exchange or Through Initial and/or Secondary Public Offering (BIR Form No. 2552)

In the case of Initial Public Offering (IPO), the return shall be e-filed and e-paid by the issuing corporation within thirty (30) days from the date of listing of the shares of stock in the local stock exchange.

In the case of secondary offering, the tax return shall be e-filed and e-paid within five (5) banking days from the date of collection by the stockbroker, containing a declaration of all the transactions effected through him during the preceding week and of taxes collected by him and turned over to the BIR where the tax collection from the sale based on the gross selling price of gross value in money of the shares of stock sold, bartered, exchanged or otherwise disposed in accordance with the proportion of shares of stock sold, bartered, exchanged or otherwise disposed to the total outstanding shares of stock after the listing in the local stock exchange provided for in Section 127(B) of the NIRC.

6.3.10 Payment Form (BIR Form No. 0605) shall be e-filed and e-paid covering taxes and fees which do not require the use of a tax return such as second installment payment for income tax, deficiency tax, delinquency tax, registration fees, penalties, advance payments, deposits, installment payments, voluntary and other miscellaneous payments.

6.4 Option for Manual Filing and Payment

In case of systems unavailability as declared by the CIR or his duly authorized representative during tax filing deadlines, filing of tax returns and payment of taxes due thereon shall be accepted manually or over-the-counter by the EFPS-AABs in accordance with Bank Bulletin No. 2006-07 dated March 23, 2006. However, once the system is up/online, the required tax returns which was manually filed shall be e-filed within fifteen (15) days from the date of manual filing as provided under RMC No. 43-2008.

Section 7. AMENDMENTS TO SELECTION CRITERIA. - The CIR may recommend to the Secretary of Finance, every three (3) years, the amendments/modifications to any or all of the criteria in the determination and selection of Large Taxpayers after considering such factors as inflation, volume of business, wage and employment levels, nature of business and affiliation, tax payments, financial condition and results of operation, and similar economic factors.

Section 8. TRANSITORY PROVISIONS. – Newly-identified LTs who were officially notified of their status as LTs as of the date of effectivity of these Regulations shall be considered as LTs subject to the provisions hereof, effective 1 January 2011.

Section 9. REPEALING CLAUSE. - All rules and regulations or parts thereof inconsistent with the provisions of these regulations are hereby amended accordingly.

Section 10. EFFECTIVITY. - These regulations shall take effect immediately.

(Original Signed)
CESAR V. PURISIMA
Secretary of Finance

Recommending Approval:

(Original Signed)
KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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