

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

September 28, 2011

REVENUE MEMORANDUM ORDER No. 36-2011

SUBJECT : Amendment to Revenue Memorandum Order No. 26-2011 providing for guidelines in the tax treatment of Separation Benefits received by officials and employees on account of their separation from employment due to death, sickness or other physical disability and the issuance of Certificate of Tax Exemption from income tax and from the withholding tax.

TO : All Internal Revenue Officials and Others Concerned

Section 1. SCOPE.- Pursuant to provisions of Sec 244 and 245 of the National Internal Revenue code of 1997, as amended, in relation to Sec 32 (B)(6)(b) of the same Tax Code, these Revenue Memorandum Order is promulgated to amend certain provisions of Revenue Memorandum Order 26-2011 to include the Large Taxpayers Service.

Section 2. DOCUMENTARY REQUIREMENTS. - Roman Numeral No. II of RMO 26-2011 is hereby amended to read as follows:

II. DOCUMENTARY REQUIREMENTS

In order to facilitate the processing of requests for tax exemption of separation benefits received by officials/employees or his/her heirs as a result of their separation from employment due to death, sickness or other physical disability, regardless of age and length of service, the following documents are required to be submitted to the Revenue District Office (RDO) or appropriate Large Taxpayers (LT) Office where the employer is originally registered, to support such request:

Section 3. PROCESSING OF REQUEST FOR ISSUANCE OF CERTIFICATE OF TAX EXEMPTION OF SEPARATION BENEFITS RECEIVED AS A RESULT OF SEPARATION FROM EMPLOYMENT DUE TO DEATH, SICKNESS OR OTHER PHYSICAL DISABILITY OF THE EMPLOYEE.- Relevant portion of Roman Numeral No. III of RMO 26-2011 is hereby amended to read as follows:

III. PROCESSING OF REQUEST FOR ISSUANCE OF CERTIFICATE OF TAX EXEMPTION OF SEPARATION BENEFITS RECEIVED AS A RESULT OF SEPARATION FROM EMPLOYMENT DUE TO DEATH, SICKNESS OR OTHER PHYSICAL DISABILITY OF THE EMPLOYEE

A) APPLICATION AND PRE-EVALUATION BY THE REVENUE DISTRICT OFFICE / LT OFFICE

1) The requesting Official/Employee (or by his heirs) who was separated from employment due to death, sickness or other physical disability, regardless of age and length of service, or requesting Employer, shall be required to submit all the documentary requirements for the processing of the Certificate of Exemption with the RDO/ appropriate Large Taxpayers (LT) Office where the Employer is originally registered.

2) The Officer of the Day in the concerned RDO/ LT Office shall pre-evaluate the application if it satisfactorily complies with the herein prescribed guidelines using the Action Sheet-Checklist of Requirements (**Annex “B”**).

a) If found complete, he shall then forward the application together with the pertinent supporting documents to the Revenue District Officer/ LT Division Chief who, in turn, shall thoroughly evaluate the same. Otherwise, a Notice to Comply (**Annex “C”**) shall be issued to the requesting Official/Employee/Heirs or Employer.

b) If after the lapse of the period given in the Notice to Comply, the applicant has not submitted the documents required, a Notice of Archiving (**Annex “D”**) shall be issued.

3) x x x

4) x x x

5) **For Large Taxpayers Service, evaluation and preparation of certificates of tax exemptions shall be done by the concerned LT Office.**

B) x x x

C) REVIEW, APPROVAL OF TAX EXEMPTIONS AND ISSUANCE OF CERTIFICATES BY THE REGIONAL DIRECTOR OR ASSISTANT COMMISSIONER OF INTERNAL REVENUE (ACIR) LARGE TAXPAYERS SERVICE

1) x x x

2) x x x

3) For taxpayers under the jurisdiction of the Large Taxpayers Service, the application for the issuance of certificate of tax exemption of separation benefits received as a result of separation from employment due to death, sickness or other physical disability of the employee shall be signed by the ACIR, Large Taxpayers Service, if he finds the same in order. Otherwise, the application shall be returned to the concerned LT Office with a memorandum of its review findings and evaluation.

D) x x x

1) x x x

2) x x x

3) x x x

4) The Legal Division of the Revenue Region or the Large Taxpayers Service shall prepare the Certificate of Tax Exemption in three (3) copies to be issued and distributed as follows:

Original	-	taxpayer's copy
Duplicate copy	-	to be attached to the docket
Triplicate copy	-	to the ACIR, Legal Service

a) The Legal Division or the Large Taxpayers Service must ensure that the original copy of the signed Certificates of Tax Exemption bear the official dry seal of the Bureau before the release to taxpayers to avoid invalidation of the same.

b) The Legal Division or the *Large Taxpayers Service* shall maintain a permanent record book where the Certificate of Tax Exemption Number, Applicant/Requesting Taxpayer, and the Date of Issue shall be sequentially written.

Section 4. REPEALING CLAUSE. - All other issuances and/or portions thereof that are inconsistent herewith are hereby revoked, repealed or modified accordingly.

Section 5. EFFECTIVITY. – This Order shall take immediately.

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

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