



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

July 21, 2017

REVENUE MEMORANDUM CIRCULAR NO. 60-2017

SUBJECT : Official Launch of the Seal of Honesty Certification (SOH) Program
TO : All Internal Revenue Officials, Employees and Other Concerned

This is to announce the official launch of the Seal of Honesty (SOH) Certification Program in partnership with the Center for Strategic Reforms of the Philippines (CSR Philippines) to promote a culture of honesty and integrity in paying taxes in the country.

Through the Tax Education and Reform program of CSR Philippines, they have assisted the Bureau in promoting tax awareness among our taxpayers nationwide. Thus, we have signed a Memorandum of Understanding with CSR Philippines on August 23, 2016 together with the Department of Trade and Industry to improve ease of doing business to broaden our taxpayer base.

In line with the Bureau's principal objectives of attaining collection targets, improving taxpayer satisfaction and protecting revenues by recapturing public trust, taxpayers are given the option to subscribe to the SOH Certification Program to help them improve their voluntary compliance as partners in nation building upon full satisfaction of the qualification criteria as a basis for entitlement of the benefits under Annex A hereof.

Attached is "Annex A" for the SOH PROGRAM – Frequently Asked Questions (FAQs).

All concerned are hereby enjoined to give this Circular a wide a publicity as possible.

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Caesar Dulay
CAESAR R. DULAY
Commissioner of Internal Revenue

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SOH FREQUENTLY ASKED QUESTIONS

1. WHAT IS SEAL OF HONESTY (SOH) CERTIFICATION PROGRAM?

Seal of Honesty (SOH) is a certification program spearheaded by CSR Philippines in partnership with the Bureau of Internal Revenue (BIR), Department of Trade and Industry (DTI) to promote a culture of honesty and integrity in paying taxes. SOH supports and complements the Integrity Pledge of the Integrity Initiative (II), signed by professionals and corporations for ethical and corporate good governance.

2. WHO IS CSR PHILIPPINES?

Center for Strategic Reforms of the Philippines Inc. (or CSR Philippines) is a non-stock, non-profit and non-government organization which aims to assist Micro, Small and Medium Enterprises (MSMEs) in finding a solution to concerns such as but not limited to financial support, low productivity and competitiveness, limited management and financial capabilities as well as the lack of access to new technology through public-private collaborations to promote MSME development and genuine tax reform toward inclusive growth.

CSR Philippines signed a memorandum of understanding with BIR and DTI on August 23, 2016, to wit:

- I. They shall work cooperatively in spreading tax awareness among taxpayers where CSR Philippines can serve as Think Tank of DTI and BIR on ease of doing business and in paying taxes in order to broaden taxpayer base;
- II. They shall collaborate as Advocacy Partners in simplifying and integrating business registration and procedures for MSMEs in order to encourage more potential entrepreneurs to do business in the country which will significantly contribute in achieving inclusive growth;
- III. They shall aim in improving voluntary compliance through empowerment and tax awareness as well as through the SEAL OF HONESTY (SOH) Certification Program wherein businesses, most especially the medium and large enterprises, who will commit in promoting a culture of honesty and integrity in paying taxes, will be awarded and recognized for their honest and fair contributions;
- IV. They shall recognize the capabilities of MSMEs in being a major contributing forces to our country's investment and economic growth, job creation, taxation, productivity enhancement and technological innovation by assisting instead of assessing them in their government compliance.

3. WHO CAN APPLY?

All taxpayers, both individuals or non-individuals, may apply to get SOH Certification especially:

- a. Self-employed and professionals;
- b. Estate/Trust/Co-Ownership regardless of size and industry; and
- c. Taxpayers regularly monitored by BIR for taxation and administrative compliance.

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4. WHERE TO APPLY?

The applications shall be submitted to the Evaluation Committee under the Office of the Commissioner of Internal Revenue for review of the qualifications.

5. WHAT ARE THE CRITERIA TO QUALIFY?

Individual and Non-Individual taxpayers who will subscribe to the certification program shall:

- a. settle all open cases and pending undisputed assessments as per Certification of the RDO;
- b. observe full and honest compliance to all BIR regulations and requirements at all times;
- c. sign the Integrity Pledge to promote and uphold honesty and integrity in paying taxes, and in dealing with all government agencies, customers and suppliers without compromises;
- d. not bribe any personnel/officials of the BIR;
- e. increase their voluntary compliance by at least 20% in total tax payments for those who are regularly audited by BIR, based on the level of their compliance.

6. HOW TO GET SOH?

The certification process includes

- a. signing of the Integrity Pledge and commitment to promote a culture of honesty and integrity in paying taxes;
- b. attend a roundtable discussion on paying the right taxes organized by any of your business organization, chamber or association in partnership with CSR Philippines;
- c. Apply in the certification program;
- d. have a preliminary evaluation to determine the risk assessment and level of compliance;
- e. undergo tax planning & compliance review;
- f. submit compliance report to the Evaluation Committee for review and recommendation;
- g. Approval by Office of the Commissioner of Internal Revenue;
- h. awarding of the SOH Certification;
- i. revalidation after one year; and
- j. renewal every year.

7. WHAT ARE THE BENEFITS OF SUBSCRIBING TO THE CERTIFICATION PROGRAM?

A duly certified/awarded SOH Taxpayer shall be entitled to the benefits provided hereunder.

- a. Issuance of annual tax clearance, without prejudice to information not available at the time of issuance
- b. Last Priority Audit
- c. Other privileges which DTI and other government agencies may also extend to certified honest taxpayers

8. HOW LONG IS THE VALIDITY OF SOH?

One (1) year and renewable every year subject to revalidation of CSR Philippines for approval of the Evaluation Committee under the Office of the Commissioner of Internal Revenue.

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9. WHO WILL AWARD OR DECIDE IF A TAXPAYER IS QUALIFIED FOR SOH?

First, the Evaluation Committee under the Office of the Commissioner and CSR Philippines is tasked to verify full compliance with the SOH requirements. Second, the Evaluation Committee and CSR Philippines shall jointly endorse the application to the Commissioner of Internal Revenue for final approval and awarding of SOH Certification.

10. DOES THIS GRANT FULL IMMUNITY TO TAXPAYERS? DOES THIS MEAN BIR WILL NO LONGER AUDIT CERTIFIED TAXPAYERS.

No. The mandate of BIR is to assess and to collect the right taxes. CSR Philippines aims to help BIR as its advocacy partner, to collect the right taxes through voluntary compliance of taxpayers who will undergo the SOH certification. However, CSR Philippines does not, in any way participate in the tax administration. Any taxpayer, with or without SOH, found to have violated the Philippine Tax Laws and regulations will be subject to audit and investigation.

11. NEED MORE INFORMATION ON HOW AND WHERE TO APPLY?

Send inquiries to info@sealofhonesty.ph or call (+63) 2 622 7720.

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