

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**

February 6, 2014

**REVENUE MEMORANDUM ORDER NO. 9-2014**

**SUBJECT :** Requests for Rulings with the Law and Legislative Division

**TO :** All Revenue Officials, Employees and Others Concerned

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This Order is issued to serve as guidelines in the processing of requests for rulings with the Law and Legislative Division.

**Section 1. Tax Rulings**

Tax rulings are official positions of the Bureau on inquiries of taxpayers, who request clarification on certain provisions of the National Internal Revenue Code (NIRC), other tax laws, or their implementing regulations, usually for the purpose of seeking tax exemptions. Rulings are based on particular facts and circumstances presented and are interpretations of the law at a specific point in time.

The Bureau also issues rulings to answer written questions of individuals and juridical entities regarding their status as taxpayers and the effects of their transactions for taxation purposes.

**Section 2. No-Ruling Areas**

Aside from matters declared as “No-Ruling Areas” in Revenue Bulletin No. 1-2003, as amended by Revenue Bulletin No. 2-2003, non-compliance with any of the requirements under this Circular may prevent the Bureau from issuing an opinion on the request for ruling.

Moreover, the Bureau does not give tax planning advice and does not “approve” tax planning arrangements. Also, the Bureau will not resolve an issue through a ruling if the matter can be determined through another process (i.e. appeal).

Lastly, the Law and Legislative Division will not issue a ruling in response to a request in the following instances:

- a. the taxpayer has directed a similar inquiry to another office of the Bureau;

- b. the same issue involving the same taxpayer or a related taxpayer is pending in a case in litigation;
- c. the same issue involving the same taxpayer, is subject of a pending investigation, ongoing audit, administrative protest, claim for refund or issuance of tax credit certificate, or collection proceeding.

### **Section 3. Hypothetical Questions under Revenue Bulletin No 1-2003**

“Hypothetical Questions” also known as “what if?” questions, are queries involving theoretical, speculative, conjectured, conjectural, notional, suppositional, supposed, or assumed entities or transactions. A ruling will not be issued on alternative plans of proposed transactions or on supposed situations.

### **Section 4. Letter Requests for Ruling**

A letter request is a sworn statement executed under oath by the individual taxpayer or by the authorized official/representative of the corporation, partnership or entity containing the following:

- (1) Factual background of the request for ruling, including:
  - a. names, addresses, and taxpayer identification numbers of all interested parties;
  - b. a complete statement of the business reasons for the transaction; and
  - c. a detailed description of the transaction or circumstances involved.
- (2) The issues/questions raised or conclusions sought to be confirmed by the taxpayer;
- (3) The legal grounds and the relevant authorities supporting the position of the taxpayer;
- (4) List of documents submitted; and
- (5) Affirmations stating that:
  - 1. a similar inquiry has not been filed and is not pending in another office of the Bureau;
  - 2. there is no pending case in litigation involving the same issue/s and the same taxpayer or related taxpayer;

3. the issue/s subject of the request is not pending investigation, on-going audit, administrative protest, claim for refund or issuance of tax credit certificate, collection proceeding or judicial appeal; and
4. the documents submitted are complete and that no other documents will be submitted in connection with the request.

Unless otherwise stated in pertinent revenue issuances, all letter requests must be addressed to:

The Chief  
Law and Legislative Division  
BIR National Office Building  
BIR Road, Quezon City

## **Section 5. General Documentary Requirements**

In addition to the specific documentary requirements provided under applicable revenue issuances, a request for ruling must be accompanied by the following documents:

- a. Certified true copy of all documents that are material to the transaction, including contracts, wills, deeds, agreements, and instruments;
- b. Proof that taxpayer is entitled to exemption or incentive; and
- c. Special Power of Attorney or authorization in case the request is filed by a representative of the taxpayer.

Original documents should not be submitted because submitted documents become part of the Bureau's file and will not be returned to the taxpayer. Instead, certified true copies of all such documents duly certified by the appropriate government agency having custody of the original thereof, should be filed with the request. Each document, other than the request, should be labeled alphabetically and attached to the request in alphabetical order and properly placed in a folder.

## **Section 6. Processing of Requests for Ruling**

After the request is submitted, with the sworn statement prescribed in Section 4 hereof, there will be no other communication with the applicant. The Law and Legislative Division shall evaluate the request. If the documents submitted are insufficient or incomplete, the same shall be denied and communicated in writing to the taxpayer stating therein the reason for denial.

If the documents are complete, it shall be evaluated and a ruling issued affirming or denying the request. In all instances, the Commissioner of Internal Revenue shall approve and sign any

action on the request, be it denial or approval, unless delegated to another officer or official of the Bureau.

### **Section 7. Effect and Validity of Issued Rulings**

A taxpayer ordinarily may rely on a valid ruling received from the Bureau pertaining to the transaction it was applied for. For the ruling to be valid, the taxpayer must fully and accurately describe the transaction in the request.

Tax rulings cannot be cited as precedent by other taxpayers, but they can provide useful information on how the Bureau may treat a similar transaction.

The BIR ruling can only be used for purposes of internal revenue taxes. No ruling involving local taxes, customs duties or other taxes, fees and charges not within the powers of the Bureau to assess and collect shall be issued.

### **Section 8. Revocation and Modification**

A ruling may be revoked or modified for any number of reasons such as when the facts as represented are discovered to be different from what is represented or not in accord with the current views of the Commissioner.

### **Section 9. Effectivity**

This Order shall take effect immediately.

All concerned revenue officials and employees are hereby enjoined to give this Order as wide a publicity as possible.

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