



Bringing in Revenues
for Nation-Building

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE



DEC 17 2024

REVENUE REGULATIONS NO. 018 - 2024

SUBJECT : Implementing Section 32(B)(5) of the National Internal Revenue Code of 1997, as amended by Republic Act No. 12066, or the CREATE MORE Act

TO : All Internal Revenue Officers, and others concerned

SECTION 1. PURPOSE. – Pursuant to the provisions of Sections 244 and 245 of the National Internal Revenue Code (NIRC) of 1997, as amended, in relation to Section 32 of Republic Act (RA) No. 12066 or the CREATE MORE (Maximize Opportunities for Reinvigorating the Economy) Act, these Regulations are hereby promulgated to implement Section 32(B)(5) of the NIRC, as amended by the said Act, which now reads:

"SEC. 32. Gross Income. –

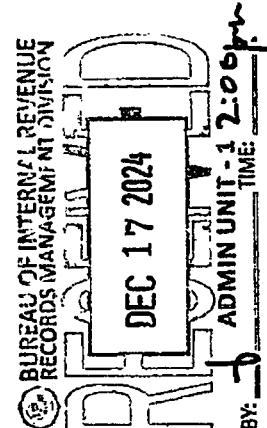
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(B) Exclusions from Gross Income. – The following items shall not be included in the gross income and shall be exempt from taxation under this Title.

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(5) Income Exempt under Treaty. – Income of any kind, to the extent required by any treaty obligation, including agreements entered into by the President with economies and administrative regions, subject to the concurrence of the Senate, binding upon the Government of the Philippines.

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SECTION 2. BACKGROUND. Power of the President of the Philippines to Enter into Treaties and International Agreements. – The power of the President of the Philippines to enter into treaties and international agreements is based on the following legal provisions:

- Section 21 of Article VII (Executive Department) of the 1987 Philippine Constitution, which states that no treaty or international agreement shall be valid and effective unless concurred in by at least two-thirds of all the members of the Senate; and
- Section 19 of Book III, Title I, Chapter 7 of Executive Order No. 292 (the Administrative Code of 1987), which provides that the President shall exercise such other powers as are provided for in the Constitution.

SECTION 3. DEFINITION OF TERMS. – Words and/or phrases used under these Regulations shall mean:

- a. **international agreement** – a contract or understanding, regardless of nomenclature, entered into between the Philippines and another government in written form and governed by international law, whether embodied in a single instrument or in two or more related instruments;¹
- b. **treaty** – an international agreement entered into by the Philippines that requires legislative concurrence after executive ratification. This term may include compacts like conventions, declarations, covenants, and acts;²
- c. **Government of the Philippines** – the corporate governmental entity through which the functions of government are exercised throughout the Philippines, including, save as the contrary appears from the context, the various arms through which the political authority is made effective in the Philippines, whether pertaining to the autonomous regions, the provincial, city, municipal, or barangay subdivisions, or other forms of local government;³
- d. **economies** – used to describe the members of the Asia-Pacific Economic Cooperation (APEC) because the APEC cooperative process is predominantly concerned with trade and economic issues, with members engaging with one another as economic entities rather than as sovereign nations;⁴ and
- e. **administrative regions** – territorial units that a country is divided in, having an administration with some government functions and powers, and with its jurisdiction covering the total area inside its borders.⁵

SECTION 4. INCOME EXEMPT UNDER TREATIES AND INTERNATIONAL AGREEMENTS. – Pursuant to Section 32(B)(5) of the NIRC, as amended by RA No. 12066 or the CREATE MORE Act, income of any kind shall be excluded from the computation of gross income, as defined under Section 32(A) of the NIRC, and shall be exempt from income tax to the extent required by any treaty obligation binding upon the Government of the Philippines, or his/her authorized representative(s), including agreements entered into by the President, or his/her authorized representative(s), with economies and administrative regions, and duly concurred in by at least two-thirds of all the members of the Senate.

Nothing in these Regulations shall be construed as recognizing the statehood of such economies and administrative regions, and derogating from whatever policy the Philippines has agreed to adopt and implement.

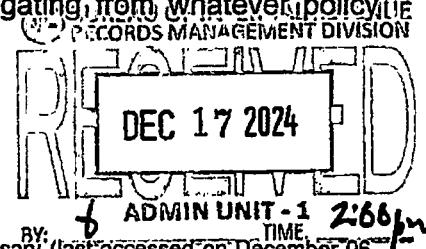
¹ Executive Order No. 459 (1997), Sec. 2(a).

² *Ibid.*, Sec. 2(b).

³ Executive Order No. 292 (1987), Sec. 02.

⁴ Asia-Pacific Economic Cooperation, *Glossary*, <https://www.apec.org/glossary> (last accessed on December 06, 2024).

⁵ Organisation for Economic Co-operation and Development, *OECD Glossary of Statistical Terms*, p. 20 (2008).



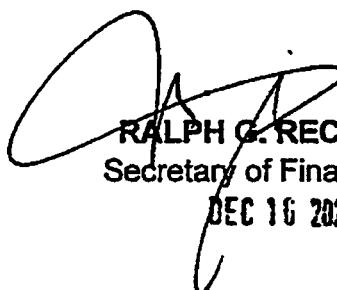
SECTION 5. LIST OF ECONOMIES AND ADMINISTRATIVE REGIONS. – The President or his/her authorized representative(s) shall only negotiate with economies and administrative regions as contained in the list provided by the Department of Foreign Affairs (DFA). The indicative list of such economies and administrative regions is attached hereto as **Annex "A"** and forms an integral part of these Regulations.

Such list shall be regularly updated and/or communicated by the DFA to the Department of Finance (DOF) and the Bureau of Internal Revenue (BIR) as the former deems necessary.

SECTION 6. SEPARABILITY CLAUSE. – If any of the provisions of these Regulations is subsequently declared invalid or unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

SECTION 7. REPEALING CLAUSE. – All other issuances and rules and regulations or parts thereof that are contrary to and inconsistent with any provision of these Regulations are hereby repealed, amended, or modified accordingly.

SECTION 8. EFFECTIVITY. – These Regulations shall take effect immediately following its publication in the Official Gazette or the BIR official website, whichever comes first.

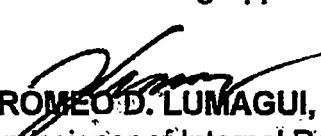


RALPH G. RECTO
Secretary of Finance
DEC 16 2024



Recommending Approval:




ROMEO D. LUMAGUI, JR.
Commissioner of Internal Revenue

