



**REPUBLIC OF THE PHILIPPINES**  
**DEPARTMENT OF FINANCE**  
**BUREAU OF INTERNAL REVENUE**  
**Office of the Commissioner**  
Quezon City

February 26, 2010

**REVENUE MEMORANDUM CIRCULAR NO. 16-2010**

**SUBJECT:** Disclosure of election to use the Optional Standard Deduction for taxable year 2009.

**TO:** All Internal Revenue Officers and Others Concerned

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This Circular is issued to remind taxpayers of the requirement for them to disclose their election to avail the Optional Standard Deduction (OSD) for the taxable year 2009.

Taxpayers who are electing to avail of the OSD are required to check the appropriate box in the income tax return filed for the first quarter of the taxable year 2009, regardless of whether such taxpayer is adopting the calendar or fiscal year. Once the election is made, the same type of deduction must be consistently applied for all the succeeding quarterly returns and in the final income tax return for the taxable year. The failure to indicate the election to avail of the OSD shall be considered as having availed of the itemized deductions allowed under Section 34 of the Tax Code. Any taxpayer who is required but fails to file the income tax return for the first quarter shall be considered as having availed of the itemized deductions option for the taxable year 2009: Provided, however, That newly registered taxpayers shall disclose their election to avail the OSD in their initial quarterly income tax return which is required to be filed for the taxable year 2009.

To illustrate, a taxpayer who avails of the OSD in the first quarter for taxable year 2009 shall have to claim the same OSD in determining the taxable income for the rest of 2009, including the final income tax liability for 2009 due to be paid in 2010. Likewise, a taxpayer who avails of the itemized deduction in the first quarter for taxable year 2009 or fails to file an income tax return for the first quarter of 2009, shall have to claim the itemized deduction in determining the taxable income for the rest of 2009, including the final income tax return for 2009 due to be paid in 2010.

The election to avail of the OSD or itemized deduction as signified in the return shall be irrevocable for the taxable year 2009 upon filing thereof. Any subsequent amendment of such

income tax return filed for the first/initial quarter of the taxable year 2009 shall not affect the irrevocable character of the election to avail of the OSD or itemized deduction, as the case may be.

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

(Original Signed)  
**JOEL L. TAN-TORRES**  
Commissioner of Internal Revenue

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